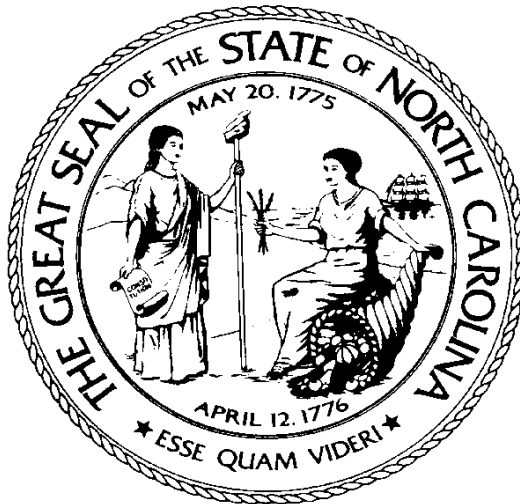


**NORTH CAROLINA
DEPARTMENT OF PUBLIC SAFETY
GOVERNOR'S CRIME COMMISSION**

**2015-2016
PROGRAM
DEVELOPMENT
POLICY MANUAL**



Committee Assignments:

Criminal Justice System Improvement
Crime Victims' Services
Juvenile Justice Planning

INTRODUCTION

This manual, commonly known as the *Standard Grant Conditions*, is intended to serve as the primary policy guide by which grant recipients and contractors implement grant projects funded through the Governor's Crime Commission (GCC). This Grant Program Policy Manual is designed to assist those who are involved with the daily program implementation and financial management of GCC funded projects. Users of this manual may include project directors, agency administrators, financial officers, treasurers of non-profit agencies and accountants. These individuals are to use the manual as a policy reference tool in executing their duties under agency-funded programs and projects. Subrecipients and contractors are also required to adhere to the requirements of relative State of NC Offices, US Office of Management and Budget (OMB) circulars and Federal Government-wide common rules contained in the Code of Federal Regulations (CFR).

The Governor's Crime Commission staff is committed to providing support to subrecipients during the implementation of grant projects to accomplish responsible, fiscal and programmatic aspects of the award during the life of the grant. The main phone number to the Governor's Crime Commission office is (919)733-4564. Individual email addresses for GCC staff can be found on the GCC website and correspondence can be sent by U.S. mail to:

Governor's Crime Commission
1201 Front Street
Raleigh, North Carolina 27609

Please visit <http://www.ncgccd.org/Staff> for a complete listing of Management, Grants Administrators and Support Staff

TABLE OF CONTENTS

General Information

Pre-Award Requirements

Application Process

Conditions of Award and Acceptance.....

Standards for Financial Management Systems.....

Post-Award Requirements

Period of Availability of Funds.....

Matching or Cost Sharing Requirements

Program Income.....

Adjustments to Awards.....

Costs Requiring Prior Approval.....

Property and Equipment

Procurement.....

Allowable Costs.....

Unallowable Costs

Sub-awards of Project Supported Effort

Retention and Access Requirements for Records

Sanctions.....

Closeout

Audit Requirements

Glossary of Terms

Links

General Information & Standard Conditions

The U. S. Department of Justice, Office of Justice Programs Financial Guide published by the Office of the Chief Financial Officer (OCFO) serves as another resource manual to assist subrecipients in filling their fiduciary responsibilities. This set of standards includes information from the OJP Financial Guide with regard to managing funds awarded by the Governor's Crime Commission. Recipients are required to adhere to all applicable uniform (grants) administrative requirements, cost principles, and audit requirements set forth in 2 C.F.R. § 200 and other applicable laws.

General Information

Circulars and Common Rules

This document incorporates by reference the provisions and policies that are issued by the Office of Management and Budget (OMB) circulars, agency regulations (both program and administrative) published in the Code of Federal Regulations (CFR), and government-wide common rules applicable to grants and cooperative agreements.

Office of Management and Budget Circulars/Code of Federal Regulations			
Where can I find...	If I am part of a...	Resources	
		OMB	U.S. Department of Justice (DOJ)
Administrative Requirements	Educational Institution	Title 2 CFR, Part 215 (OMB A-110)	Title 28 CFR 70
	State or Local Unit of Government, or Tribal Organization	OMB A-102 Replaced by Uniform Administrative Requirements, also known as "common rule"	Title 28 CFR 66
	Nonprofit Organization	Title 2 CFR, Part 215 (OMB A-110)	Title 28 CFR 70
Cost Principles	Educational Institution	Title 2 CFR, Part 220 (OMB A-21)	US DOJ Administrative Requirements Reference Cost Principles in 28 CFR 66.22 and 28 CFR 70.27
	State or Local Unit of Government, or Tribal Organization	Title 2 CFR, Part 225 (OMB A-87)	
	Nonprofit Organization	Title 2 CFR, Part 230 (OMB A-122)	
Audit Requirements	Educational Institution	OMB A-133	US DOJ Administrative Requirements Reference Cost Principles in 28 CFR 66.26 and 28 CFR 70.26
	State or Local Unit of Government		
	Nonprofit Organization		

Government-Wide Common Rules

On December 26, 2013, OMB issued new guidance that provides a government-wide framework for grants management ([Federal Register, 12/26/2013](#)). The new guidance, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ([2 C.F.R. Part 200](#)), streamlines the Federal Government's administrative, cost, and audit requirements, and has been implemented by DOJ via DOJ regulation at [2 C.F.R. Part 2800](#).

The new guidance supersedes the following OMB requirements:

OMB Circular A-21, Cost Principles for Educational Institutions;
OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments;
OMB Circular A-89, Federal Domestic Assistance Program Information;
OMB Circular A-102, Grant Awards and Cooperative Agreements with State and Local Governments (Common Rule);
OMB Circular A-110, Uniform Administrative Requirements for Awards and other Agreements, Institutions of Higher Education, Hospitals and other Non-Profit Organizations;
OMB Circular A-122, Cost Principles for Non-Profit Organizations;
OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and
Sections of OMB Circular A-50, Audit Follow-up.

i FINANCIAL MANAGEMENT TIP

These new requirements, as implemented by DOJ, apply to Federal awards made after December 26, 2014, and the audit requirements apply to audits for fiscal years beginning on or after December 26, 2014.

For Federal awards made before December 26, 2014, absent an agreement otherwise in a Federal award issued after that date, the requirements in place at the time of award continue to apply. These prior requirements may include those above, as well as 28 C.F.R. Parts 66 or 70, and the prior guidance issued by the specific grant-making component (i.e., OJP Financial Guide, OVW Financial Grant Management Guide, COPS Office Grant and Award Owner's Manuals).

The following requirements remain in place:

- ✓ Government-wide Debarment and Suspension (Non-procurement) is codified at 2 C.F.R. Part 180, with DOJ-specific rules at 2 C.F.R. Part 2867.
- ✓ Government-wide Requirements for Drug-Free Workplace (Grants) is codified at 28 C.F.R. Part 83.
- ✓ Restrictions on lobbying are codified at 28 C.F.R. Part 69.

FINANCIAL MANAGEMENT TIP

When determining whether an entity receiving federal award funds from the recipient is a subrecipient or a contractor, the legal document executed between the recipient and the entity receiving federal award funds from the recipient is NOT the driving determinant. See [2 C.F.R. § 200.22](#) and [2 C.F.R. § 200.92](#). The substance of the activity that has been contracted or subawarded will be the major factor considered. If you delegate program activities to another entity, that delegation will generally be considered a subaward. On the other hand, if you purchase or procure goods or services from another entity to carry out the project or program under a Federal award, that activity will generally be considered a contract. For additional information on this topic, please refer to [2 C.F.R. § 200.330](#), subrecipient and contractor determination.

Notable Aspects of the “Super Circular”

While the Super Circular does not entirely change the eight Federal regulations from which it is derived, it does include some noteworthy changes.

- **Conflicts of Interest:** The guidance requires Federal agencies to establish Conflict of Interest Policies for Federal awards and mandates which a current requirement of non-Federal entities per GCC policies. The change requires that disclosure, in writing, of any potential conflict of interest to the Federal awarding agency (or higher-tiered entity) and GCC.
- **Mandatory Disclosure:** Much like the Federal Acquisition Regulation, the guidance requires organizations for a Federal award to disclose, “in a timely manner” and in writing to the Federal awarding agency or pass-through entity, “all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award.” The guidance specifically adds that an organization’s failure to make required disclosures can result in a number of actions, including suspension and/or debarment. While many nonprofit organizations may have already taken this approach, this is a significant development in the grant arena, signifying the sea-change that may be taking place with respect to the Federal government’s grant compliance and enforcement efforts.
- **Indirect Costs:** The guidance explicitly requires pass-through entities (typically states and local governments receiving Federal funding) to either honor a nonprofit’s negotiated indirect cost rate if one already exists or negotiate a rate in accordance with Federal guidelines. Nonprofits will be empowered to elect an automatic indirect cost rate of 10 percent of modified total direct costs – which can be used indefinitely if they so choose – or negotiate a higher rate. Without question, this is an important new provision for nonprofits, which had not been previously reimbursed by their higher- tiered grantors.
- **Direct Costs:** The guidance makes clear that, in certain circumstances, program administration costs (*e.g.*, secretarial staff dedicated to a specific program) can be reported as direct costs applicable to a specific program. In the past, in some instances, grantees were required to

pass these charges on via their indirect cost rates.

- **Audit Rules:** The new guidance raises the threshold for compliance audits of entities that receive Federal award money from \$500,000 per fiscal year to \$750,000 per fiscal year. This is another positive change for nonprofits – particularly smaller nonprofits and those that receive only small amounts of funding from the Federal government – as it should reduce costs for these nonprofits. OMB estimates that approximately 5,000 non-Federal organizations will be relieved from the audit requirement as a result of the higher threshold.

Conflicts of Interest

Personnel and other officials connected with Governor's Crime Commission grants shall adhere to the following requirements:

Subrecipients shall maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of grants, sub-awards, and contracts often identified as a Personnel Manual or Policies and Procedures Manual. Recipients of awards are required to provide this document during the On-Site Monitoring Visits conducted by Grant Management and/or Planning staffers, upon request. No employee, officer or agent shall participate in selection, or in the award or administration of a sub-award, contract or hiring decision supported by Federal funds if a conflict of interest, real or perceived, would be involved. Such a conflict would arise when the employee, officer or agent, an immediate family member, a business partner, or an organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm or individual selected. Individuals shall recuse themselves from being personally involved with these types of decisions.

The subrecipient's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from current or potential contractors and employees and parties to subagreements. Subrecipients and recipients may set minimum rules where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by the subrecipient's and subrecipient's officers, employees, or agents, or by contractors or their agents.

Appearance Subrecipients of grant funds will avoid using awarded funds in a manner which might result in or create the appearance of the following:

- Using his or her official position for private gain;
- Giving preferential treatment to any person;
- Losing complete independence or impartiality;
- Making an official decision outside official channels; or
- Affecting adversely the confidence of the public in the integrity of the Government or the program.

Also, it is a conflict of interest for a current or former board member of a non-profit organization or governmental unit to receive consulting fees or contracts from grants to organizations of which the person serves or served as a member or alternate of the governing board.

NC General Statute 143C-6-23 (b) Conflict of Interest Policy - Every subrecipient shall file with the State Agency dispersing funds to the subrecipient a copy of that subrecipient's policy addressing conflicts of interest that may arise involving the subrecipient's management employees and the members of its board of directors or other governing body. The policy shall address situations in which any of these individuals may directly or indirectly benefit, except as the subrecipient's employees or members of its board or other

governing body, from the subrecipient's disbursing of State funds, and shall include actions to be taken by the subrecipient or the individual, or both, to avoid conflicts of interest and the appearance of impropriety. The policy shall be filed before the disbursing State agency may disburse the grant funds. **This requirement pre-supposes that governmental entities have standards in place that address ethics as required by the local governing body.**

Pre-Award Requirements

Application Process

Certified Assurances (Non-Discrimination Requirements)

Applicants must assure and certify that they will comply (and will require any subrecipients/contractors to comply) with any applicable statutorily-imposed nondiscrimination requirements which may include those of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. § 3789(d)), the Victims of Crime Act (42 U.S.C. § 10604(e)), the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. § 5672(b)), the Civil Rights Act of 1964 (42 U.S.C. § 2000(d)), the Rehabilitation Act of 1973 (29 U.S.C. § 794), the Americans with Disabilities Act of 1990 (42 U.S.C. §§ 12131-34), the Education Amendments of 1972 (20 U.S.C. §§ 1681, 1683, 1685, 1685-86), and the Age Discrimination Act of 1975 (42 U.S.C. §§ 6101-07). Applicants should also see Exec. Order No. 13,279 (Equal Protection of the Laws for Faith-Based and Community Organizations) and Exec. Order No. 13,559 (Fundamental Principles and Policymaking Criteria for Partnerships With Faith-Based and Other Neighborhood Organizations).

Complaints alleging or containing reference to discrimination on the basis of race, color, religion, age, national origin, sex, or disability by a recipient of Federal funds or by any subrecipient or contractor of that recipient shall be reported to the Discrimination Complaint Coordinator of the Governor's Crime Commission. Complaints of this type may be reported to the Federal Office for Civil Rights, though such reporting does not relieve the reporter of the duty to also report to the Discrimination Complaint Coordinator of the Governor's Crime Commission.

In the event that a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, national origin, sex, or disability against a recipient of Federal funds, or any subrecipient or contractor of that recipient, a copy of such findings must be forwarded immediately to both the Governor's Crime Commission and the USDOJ Office for Civil Rights:

Mail:

Office for Civil Rights

Office of Justice Programs
U.S. Department of Justice
810 7th Street, N.W.
Washington, DC 20531

ATTN: [Tim Hinnant](#), Discrimination Complaint
Coordinator
NC Governor's Crime Commission
1201 Front Street
Raleigh, NC 27609

E-mail: askOCR@ojp.usdoj.gov
instructions to forward e-mail to the GCC

E-mail: (designated GCC Grants Account Manager, with
Discrimination Complaint Coordinator)

In accordance with Federal Civil Rights Laws, all recipients and subrecipients must refrain from retaliation against any individuals who take action or participate in actions to secure rights protected by such laws. These individuals are protected under the Federal Whistleblower Act.

All subrecipients must take reasonable steps to provide meaningful access to programs, activities and public documents for persons who may not speak English proficiently (LEP: Limited English Proficient).

All recipients and subrecipients must comply with the applicable requirements of Title 28 CFR Part 38, the Department of Justice regulation governing “Equal Treatment for Faith-Based Organizations” (the “Equal Treatment Regulation”). The Equal Treatment Regulation provides in part that Department of Justice Grant Awards of direct funding may not be used to fund any inherently religious activities, such as worship, religious instruction, or proselytization. The recipients of direct grants may still engage in inherently religious activities, but such activities must be separate in time or place from the Department of Justice funded program, and participation in such activities by individuals receiving services from the subrecipient or a sub-subrecipient must be voluntary. The Equal Treatment Regulation also makes clear that organizations participating in programs directly funded by the Department of Justice are not permitted to discriminate in the provision of services on the basis of a beneficiary’s religion. Notwithstanding any other special condition of this award, faith-based organizations may, in some circumstances, consider religion as a basis for employment. See http://www.ojp.usdoj.gov/about/ocr/equal_fbo.htm.

All recipients and their subrecipients, whose award is \$500,000 or more, must also provide the Office for Civil Rights with an Equal Employment Opportunity Plan. Notices setting forth the provisions of the EEOP, as shown in the Department of Labor Regulations found at Title 48 CFR Part 60, must be placed in a conspicuous place, available to all employees and applicants for employment.

Debarment and Suspension Certification

It is the policy of both the Federal and State governments to conduct business only with responsible parties. This requirement includes persons, corporations, etc. that have critical influence or substantive control over the award. Debarment or suspension of a participant in a program by one agency has government-wide effect. The rules for debarment and suspension, Title 28 CFR Part 67 (DOJ specific provisions) and Title 2 CFR Part 180 (government-wide provisions), provide guidance on requirements that recipients must meet in order to receive Federal funds.

**GCC will NOT award a grant to any party debarred or suspended
from being eligible to receive State or Federal funds.**

Drug-Free Workplace Certification

Title 28 CFR Part 83 implements the statutory requirements of the Drug-Free Workplace Act of 1988. All recipients receiving awards from any Federal agency shall certify to that agency that they will maintain a drug-free workplace. A recipient who is an individual shall certify to the agency that his or her conduct of award activity will be drug-free. If a recipient makes a false certification, he or she is subject to suspension, termination, debarment, or prosecution.

1. The State agency responsible for administering the block/formula award shall submit a drug-free workplace certification to GCC and shall be responsible for obtaining a drug-free workplace certification from each State agency that is sub-awarded funds. Subrecipients that are not State agencies are not required to submit a drug-free workplace

certification.

2. A subrecipient (grantee of GCC's award) is required to provide the required certification for each award. The one exception to this rule is that a recipient which is a State, including a State agency, may elect to make a single annual certification to each awarding agency from which it obtains awards, rather than making a separate certification for each award or workplace. Only one such annual certification needs to be made to each Federal agency which will cover all of that State agency's workplaces.

Lobbying Certification

This certification must be submitted prior to recommendation for an award. The Department of Justice's (DOJ) codification of the government-wide common rule for restrictions on lobbying, Title 28 CFR Part 69, provides guidance on requirements that recipients shall meet in order to receive Federal funds.

The following restrictions on lobbying are applicable to all recipients and subrecipients. [Interim Final Guidance for New Restrictions on Lobbying was published in the Federal Register in December 1989.](#) The Lobbying Disclosure Act of 1995 included amendments that have an impact on the guidance provided in 1989. Per 31 U.S.C. § 1352, the restrictions on lobbying are as follows:

1. No Federally appropriated funds may be expended by the recipient of a Federal award, cooperative agreement, or contract to pay a person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract; the making of any Federal grants; the entering into of any cooperative agreement; and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, or cooperative agreement.
2. Each person who requests or receives from an agency an initial Federal contract, award, or cooperative agreement (including subcontracts, sub-awards, and contracts under cooperative agreements) exceeding \$100,000 shall file with that agency a certification regarding lobbying. The certification shall be submitted to the agency making the award. Each person is certifying that:
 - a. He/she has not made, and will not make, any payment for a lobbying activity.
 - b. If any non-Federal funds have been paid or will be paid to any person, he/she will complete and submit a "Disclosure of Lobbying Activities" form (Disclosure Form).
 - c. The language of this certification will be included in his/her award documents for all sub- awards at all tiers (including subcontracts, sub-awards and contracts under awards, and cooperative agreements), and all subrecipients shall certify and disclose accordingly.
 - d. Each person, if applicable, shall submit the Disclosure Form to the agency making the award. The recipient or subrecipient is responsible for reporting lobbying activities of its employees if the employee's tenure is less than 130 working days within one year immediately preceding the date of the recipient's or subrecipient's application or proposal submission.
 - e. A subrecipient who requests or receives Federal funds exceeding \$100,000 shall be required to submit a certification and a Disclosure Form to your awarding agency. All certifications shall be maintained by the agency making the award and all Disclosure Forms shall be forwarded from tier to tier until received by the Federal agency

making the award. That agency shall forward all Disclosure Forms to GCC. The Disclosure Form shall contain the following:

- f. Name and address of reporting entity
 1. Federal program name
 2. Federal award number
 3. Federal award amount
 4. Name and address of lobbying registrant
3. Each person shall file a Disclosure Form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any Disclosure Form previously filed by such persons. Examples of such events are:
 - a. A cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action;
 - b. A change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or
 - c. A change in the officer(s), employee(s) or member(s) contacted to influence or attempts to influence a covered Federal action.
4. Penalties and enforcement of lobbying restrictions shall be as follows:
 - a. Any person who makes an expenditure prohibited by the new Restrictions on Lobbying shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure.
 - b. Any person who fails to file or amend the Disclosure Form to be filed or amended, if required, shall be subject to a civil penalty of \$10,000 to \$100,000 for each such failure.

Certification Regarding Lobbying, Debarment, Suspension and other Responsibility Matters; and Drug-Free Workplace Requirements

Certifications must be completed and submitted by award recipients to GCC during the application stage. GCC is responsible for monitoring the submission and maintaining the official subrecipient certifications.

In order to comply with the certification requirements provided in the common rules for lobbying, drug- free workplace, and suspension and debarment (so that recipients do not have to sign three certifications), all are combined into OJP form 4061 entitled "Certifications Regarding Lobbying; Debarment, Suspension and Other Responsibility Matters; and Drug-Free Workplace Requirements".

Confirmation of a Whistleblower Policy

In accordance with State and Federal regulations subrecipients and implementing agencies must adopt a Whistleblower Policy. Agencies are required to provide such similar document to protect staffers who provide information and are classified as whistleblowers in an effort to protect public interests and state funds. A sample policy can be found on the GCC Website under

Grant Management/Forms. This policy should be submitted along with the Grant Award packet.

Confirmation of Dun & Bradstreet Data Universal Numbering System Number

All organizational grant applicants must have a Data Universal Numbering System (DUNS) number when applying for Federal awards (both initial and supplemental awards).

Confirmation of Registration at the System for Award Management (SAM) website

The System for Award Management (SAM) is the Official U.S. Government system that consolidated the capabilities of CCR/FedReg, ORCA, and EPLS. SAM collects, validates, stores, and disseminates data on organizations to help agencies in their acquisition missions, including Federal agency contract and assistance awards. The term “assistance awards” includes grants, cooperative agreements, and other forms of Federal assistance. If an entity had an active record in CCR, in August 2012, your Entity’s record was migrated and included in SAM. You must update or renew your registration at least once per year to maintain an active status. Updating the record is necessary so payments may be received for new awards and for continued funding. SAM will send notifications to the registered user via email 60, 30, and 15-days prior to expiration of the entity’s record. The System for Award Management (SAM) has combined the federal procurement systems and the Catalog of Federal Domestic Assistance into one new system. CFDA numbers are included in all Grant Award Letters generated from GCC. This consolidation is being performed in phases. The first phase of SAM includes the functionality from the following systems:

- * Central Contractor Registry (CCR)
- * Federal Agency Registration (Fed Reg)
- * Online Representations and Certifications Application
- * Excluded Parties List System (EPLS)

For more information regarding the System for Award Management changes, please refer to <http://www.sam.gov>. Recipients of GCC Awards **must** register their agency as “**public**” which will allow GCC staff the ability to verify (only) the subrecipient agency’s status in the federal portal provided by [SAM](#). This is very important because if GCC staff is unable to verify an agency’s status, this *may* result in the delay of an agency’s receipt of the Grant Award Packet.

Seat Belt Use by Government Contractors, Subcontractors, and Subrecipients

Federal Government contractors, subcontractors, and award recipients are encouraged to enforce policies that require employees and contractors to wear seat belts when driving company-owned, rented, or personal vehicles while they are on the job.

Text Messaging While Driving by Government Contractors, and Subrecipients

Federal Government contractors, subcontractors and award recipients are encouraged to enforce policies that ban text messaging while driving company-owned, rented, or Government-owned vehicles; while driving privately owned vehicles when on official Government business; or when performing any work for or on behalf of the Government.

Conditions of Award and Acceptance Policy on Making Awards

The Governor’s Crime Commission will not make an award to any applicant who has overdue taxes or an open audit report where the recipient has not attempted to respond or has taken no

action to resolve findings. Applicants appearing on the N.C. Suspension of Funding List debarred from conducting business with the State and listed at the NC Department of Administration's website or nationally debarred and listed in SAM.gov as delinquent in taxes or debarred is not eligible to receive awards. Every applicant for funding is on notice that unless compliance with audit requirements of Federal and/or State governments, their application will be rejected.

Availability of Funds

This Grant Award is contingent upon availability of funds approved by the United States Congress or the North Carolina General Assembly.

Award Documents

After completion of the internal review process, grant applications designated for approval are formally awarded through the issuance of an award document. This document includes:

- Name of Applicant Agency and Implementing Agency
- Project/Budget period
- Type/Source of funding
- Amount of funding
- Project name and project number
- Special Conditions, dictated by the funding source, that the implementing agency must meet if the award is accepted

This award notification is applicable to all approved applications. Correspondence concerning the award should refer to the designated project name and number shown on the award document.

Acceptance Procedures

The award recipient must formally accept the award by signing the original Grant Award and Special Conditions and returning both to the Governor's Crime Commission. If the recipient fails to affirm the timely utilization of the award by accepting **WITHIN 30-days** from the date the award is mailed from the GCC, the award *may* be terminated without further cause. By signing the award acceptance, the recipient acknowledges that the Project Director must be an employee of the recipient's organization. No grant funds will be disbursed to the recipient until the signed Grant Award and Special Conditions have been received by GCC. Recipients should review and understand all Special Conditions prior to accepting the award.

DO NOT: MAKE CHANGES OR WRITE ON THE GRANT AWARD DOCUMENT **DOING SO WILL RENDER IT NULL AND VOID**

If the Authorizing Official, Project Director or Financial Officer is not the same as the person's name pre-printed on the Grant Award and/or Special Conditions, an explanation regarding the reason for the disparity along with the original Grant Award and/or Special Conditions **MUST be returned to GCC so that correct documents can be generated. The Grant Award acceptance documents **WILL BE REJECTED** if signed by anyone other than the Authorizing Official and Project Director listed on the Grant Award; the same is true for the Project Director and Financial Officer listed on the Special Conditions.

Special Conditions

These are terms and conditions that are included with the award. This may include additional

requirements covering areas such as programmatic and financial reporting, prohibited use of Federal funds, consultant rates, changes in key personnel, and proper disposition of program income.

1. **All Awards** will include Special Conditions concerning: (a) compliance with this Grant Award packet and the OCFO Financial Guide, (b) the submission of an Equal Employment Opportunity Plan if required; (c) compliance with the audit requirements; (d) compliance with the Anti-Lobbying Act; (e) compliance with the False Claims Act, or committing fraud with grant funds; (f) compliance with Recovery Act requirements (if applicable), and (g) compliance with FFATA requirements. Failure to comply with Special Conditions will result in a withholding of funds, and may result in termination of the award.

Also, the recipient, upon accepting the award, agrees to complete and keep on file, as appropriate, the U.S. Citizenship and Immigration Service's Employment Eligibility Verification form (I-9). This form is to be used by grant recipients to verify that persons are eligible to work in the United States.

2. **Information Technology (IT) Award** recipients are prohibited from drawing funds against the award until the recipient notifies the State IT Point of Contact of the IT project by written correspondence, which includes a brief description of the project. The intent of this condition is to facilitate information system communication. If there is no State IT POC, the recipient agrees to submit a letter stating that this condition is not applicable for that reason. Once the copy has been received, the GCC Staff will retire this condition and inform the recipient. For a current list of State IT Points of Contact, go to Justice Information Sharing State and Territory Points of Contact <http://it.ojp.gov/default.aspx?area=policyandPractice&page=1046>.

All subrecipients of awards where funding supports the exchange of justice information shall comply with DOJ's **Global Justice Information Sharing Initiative** guidelines and recommendations. The subrecipient shall conform to the Global Standards Package (GSP) and all constituent elements whenever applicable. Requirements of this grant condition are described at: http://www.it.ojp.gov/gsp_grantcondition.

The subrecipient shall document planned approaches to information sharing and describe compliance to the GSP and an appropriate privacy policy that protects shared information or provides detailed justification for why an alternative approach is recommended.

3. **Cancellation for Block and Formula Sub-awards.** The State must condition each block and formula sub-award to include the following cancellation procedures.
 - a. **Implementation within 60-Days.** If a project is not operational within 60-days of the start date of the award period, the subrecipient must report by letter to the State the steps taken to initiate the project, the reasons for delay, and the expected revised start date.
 - b. **Operational within 90-Days.** If a project is not operational within 90-days of the original start date of the award period, the subrecipient must submit a second statement to the State explaining the implementation delay. Upon receipt of the 90-day letter, the

State may cancel the project and request OJP approval to redistribute the funds to other project areas. The State may also, under extenuating circumstances, extend the implementation date of the project past the 90-day period. When this occurs, the appropriate sub-award files and records must note the extension.

Obligation Process

When subrecipients are approved for an award, the GCC will reserve the amount of funding needed to support the project's line item budget, whether for single year or multiple years. After the end date of the particular time period, any funds not used will revert back to the GCC through de-obligation of the unused balance. Once the award is accepted, in order to receive reimbursements, subrecipients must be in compliance with all Special Conditions and reporting requirements.

Standards for Financial Management Systems

All recipients are required to establish and maintain adequate accounting systems and financial records to accurately account for funds awarded to them. These records shall include grant funds, all matching funds, program income, sub-awards, contracts, and expenditures. State recipients shall expend and account for grant funds in accordance with State laws and procedures for expending and accounting for their own funds. Subrecipients of States shall follow the financial management requirements imposed on them by States. (State and local procedures must ensure that subrecipients comply with the financial management standards found at Title 28 CFR Part 66 and Title 28 CFR Part 70).

Accounting System

The recipient is responsible for establishing and maintaining an adequate system of accounting and internal controls for itself, and for ensuring that an adequate system exists for each of its subrecipients. An adequate accounting system must support the following:

1. Financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements of the award;
2. Documentation to support all receipts, expenditures and obligations of funding;
3. Internal control -- effective control and accountability for all grant cash, property, and other assets. Recipients must safeguard all such property and assure that it is used solely for authorized purposes;
4. Budget control -- comparison of actual expenditures or outlays with budgeted amounts for each award or sub-award. It also must relate financial information to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the award agreement;
5. Allowable cost -- verifying that applicable OMB cost principles, agency program regulations, and the terms of grant agreements are used when determining the reasonableness, allowability and allocability of costs;
6. Source documentation -- The system should require support of accounting records with source documentation (e.g. paid bills, payrolls, time/attendance records, contracts).

Total Cost Budgeting and Accounting

Accounting for all funds awarded by the Governor's Crime Commission shall be structured and executed on a "total program cost" basis. That is, total program costs, including grant funds, matching shares, and any other fund sources included in the approved project budget or received as program income shall be the foundation for fiscal administration and accounting. Unless otherwise prohibited by statute, application budgets and financial reports require cost estimates on the basis of total costs of the project.

Commingling of Funds

Agencies must not require physical segregation of cash deposits for funds which are provided to a subrecipient. However, the accounting systems of all recipients must ensure that agency funds are not commingled with funds from other agencies. Each award must be accounted for separately. Recipients are prohibited from commingling funds on either a program-by-program or project-by-project basis.

Funds specifically budgeted and/or received for one project may not be used to support another. Where a recipient's accounting system cannot comply with this requirement, the recipient shall establish a system to provide adequate fund accountability for each project it has been awarded.

Recipient and Subrecipient Accounting Responsibilities

1. **Reviewing Financial Operations.** Direct recipients should be familiar with, and periodically monitor, their subrecipient's financial operations, records, system, and procedures. Particular attention should be directed to the maintenance of current financial data.
2. **Recording Financial Activities.** The subrecipient's award or contract obligations, as well as cash advances and other financial activities, should be recorded in the books of the recipient in summary form. Subrecipient expenditures should be recorded on the books of the recipient or evidenced by report forms filed by the subrecipient. Matching contributions applied to projects by subrecipients should likewise be recorded, as should any program income resulting from project operations.
3. **Budgeting and Budget Review.** The recipient should ensure that each subrecipient prepares an adequate budget on which its award commitment will be based. The details of each project should be maintained on file by the recipient.
4. **Accounting for Matching Contributions.** Recipients will ensure that the requirements, limitations, and regulations pertinent to matching contributions are applied.
5. **Ensuring that Subrecipients meet Audit Requirements.** Recipients must ensure that subrecipients have met the necessary audit requirements contained in this packet.
6. **Reporting Irregularities.** Recipients and their subrecipients are responsible for promptly notifying GCC and the audit agency of any illegal acts or irregularities and of proposed and actual actions. Illegal acts and irregularities include conflicts of interest, falsification of records or reports, and misappropriation of funds or other assets.
7. **Avoiding Business with Debarred and Suspended Organizations.** Recipients and subrecipients must not award or contract with any party which is debarred or

suspended from participation in Federal assistance programs. For details regarding debarment procedures, see Title 28 CFR Part 67, Government-wide Debarment and Suspension. To verify debarred and suspended status, go to www.sam.gov and <http://www.pandc.nc.gov/actions.aspx>

8. **Bonding.** GCC may require adequate fidelity bond coverage where a recipient lacks sufficient coverage to protect the government interest (see Title 2 CFR part 215, Subpart C, paragraph 21c).

Where any component of a program is outsourced to a contractor, the grant recipient is responsible for all aspects of the program including proper accounting and financial recordkeeping.

Responsibilities include the accounting of receipts and expenditures, cash management, the maintaining of adequate financial records, and the refunding of expenditures disallowed by audits.

Supplanting

Grant funds must be used to supplement existing funds for program activities and must not replace those funds which have been appropriated for the same purpose. Supplanting will be reviewed during the application process, post-award monitoring, and audit. If there is a potential presence of supplanting, the applicant or subrecipient will be required to supply documentation demonstrating that the reduction in existing resources occurred for reasons other than the receipt or expected receipt of grant funds. A written certification may be requested by the Governor's Crime Commission that grant funds will not be used to supplant existing state or local funds.

Post Award Requirements

Period of Availability of Funds

Governor's Crime Commission awards have different periods for the availability of funds. Review the award document in detail and pay particular attention to each individual project's start and end date.

Obligation of Funds

Obligations must occur during the project period stated on the award document. An obligation occurs when funds are committed, such as in a valid purchase order or requisition to cover the cost of purchasing an authorized item on or after the begin date and up to the last day of the grant period in the award. Any funds not properly obligated by the recipient within the Grant Award period will lapse and revert to GCC. The obligation deadline is the last day of the Grant Award period unless otherwise stipulated.

(**Example:** If the award period is 7/1/14 to 6/30/15, the obligation deadline is 6/30/15.)

Subrecipients must complete performance during this period, and no additional obligations can be incurred after the end of the grant. Expenditures paid after the end of the award, but before close-out must have documentation to verify the obligation was incurred before the end of the award period.

Expenditure of Funds

Expenditures are also known as payments, disbursements or reimbursements. Block, formula, and discretionary funds which have been properly obligated by the end of the award period will have **45-days** in which to be liquidated (expended). Any funds not liquidated at the end of the 45-day period will lapse and revert to GCC.

(**Example:** If the award period is 7/1/2015 to 6/30/2016, the deadline to submit all final programmatic reports, documentation to support reimbursement requests and outstanding equipment related documentation is 8/14/2016).

Receipt of Funds

- Unless legislatively mandated otherwise, project funds will be made available through a reimbursement procedure as provided by the Governor's Crime Commission's policy.
- All claims for reimbursement **must** be accompanied by supporting documentation (i.e. personnel activity reports/time sheets, travel logs, invoices, etc.).
- Expense reimbursements should be submitted monthly as spending is occurring.
- Payments will be adjusted to correct previous overpayment and disallowances or under payments resulting from audit. The balance of grant funds remaining after the project's first year, or completion of a project as authorized in the approved application, will automatically revert to the GCC for unrestricted reallocation.

Withholding of Funds

GCC may withhold payment if the subrecipient demonstrates any of the following:

1. Failure to submit reliable and/or timely financial and/or programmatic reports.
2. Failure to attain program or project goals.
3. Failure to adhere to guideline requirements or Special Conditions.
4. Improperly awarding and/or administering sub-awards or contracts.
5. Failure to achieve timely financial reconciliation and closeout at the end of the project period of any Grant Awarded to the agency awarded the grant.

The agency awarded the grant will be required to finance its operation with its own working funds until such time the recipient is in compliance with its award.

If the recipient fails to come into compliance within the time period allotted, the award will be terminated. Upon termination, all outstanding reimbursements will be forfeited by the recipient.

Continuation Funding

The awarding of a grant in no way assures or implies continuation of funding beyond the project duration indicated on the Grant Award. If a continuation application is approved, funds available under the current grant and corresponding cash matching funds must be expended or obligated and documented prior to the implementation of the continuation grant and expenditure of new funds.

Report Requirements

The recipient must submit all reports required by the Governor's Crime Commission or the federal awarding agency. This includes periodic progress or performance reports. Financial reports should be submitted monthly as spending is occurring. Unless otherwise noted in Special Conditions, final progress or performance reports must be filed within thirty (30)-days after the end of the last year of the Grant Award. All final programmatic reports must be on file before the final expense reimbursement will be processed.

Matching or Cost Sharing Requirements Match Requirements

Funds provided for a match must be used to support the grant funded project and must be in addition to, and therefore supplement, funds that would otherwise be made available for the stated program purpose. For example, in the case of Edward Byrne Memorial Justice Assistance formula grants, the program area would be law enforcement. Match is to be provided for on a project-by-project basis, unless otherwise stated in the program guidelines. Any deviation from the program guidelines must receive prior written approval of GCC. Match is restricted to the same use of funds as allowed for the grant funds. If an item or service is not allowable for the fund share, it is not allowable as match. Matching requirements vary across Governor's Crime Commission funding sources.

Types of Match

Match is typically stated as a percentage of the total project costs for an award. For example, a 20% match on a \$100,000 project would be \$20,000, with the funds share being \$80,000 and \$20,000 being provided by the recipient. There are two kinds of match:

1. **Cash Match** (actual dollars) includes cash spent for project-related costs. An allowable cash match must include those costs which are allowable with grant funds, with the exception of the acquisition of land, when applicable.
2. **In-Kind Match** (services, facility space, equipment, supplies...) includes, but is not limited to, the valuation of non-cash contributions. "In- Kind" may be in the form of services, supplies, property, or equipment. For example, if in-kind match is permitted by law (other than cash payments), then the value of donated services could be used to comply with the match requirements. Also, third party in-kind contributions may count toward satisfying match requirements provided the subrecipient receiving the contributions expends them as allowable costs.

Documentation supporting the market value of in-kind match must be maintained in the Grant Award recipient files. Valuation of in-kind match may take one of the following forms: valuation of donated services.

1. **Volunteer services.** Unpaid services provided to a subrecipient by individuals will be valued at rates consistent with those ordinarily paid for similar work in the subrecipient's organization. If the subrecipient does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation. Valuation rates may be found at the IRS website or subrecipients may use current market wage and earnings documentation to show the value of work performed. Volunteer time must be recorded just as paid employee's time is recorded using the federally approved Time and Activity Record located on the GCC website on the Grants Management/Forms page or request approval of an agency manufactured form from the GCC Account Manager (formerly known as a Planner or Grants Manager).
2. **Employees of other organizations.** When an employer other than a subrecipient, subrecipient, or cost-type contractor furnishes free of charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits. Agencies must provide documentation to show the value of the donated services based on fair market practices. In this case, the federally approved Time and Activity Record located on the GCC website on the Grants Management/Forms

page or request approval of an agency manufactured form from the GCC Account Manager (formerly known as a Planner or Grants Manager), also.

Valuation of third party donated supplies and loaned equipment or space.

1. If a third party donates supplies, the contribution will be valued at the market value of the supplies at the time of donation. The subrecipient submitting expenses for reimbursement is responsible for providing documentation that clearly delineates the value of the donated supplies, equipment or space.
2. If a third party donates the use of equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.

Valuation of third party donated equipment, buildings, and land.

1. If a third party donates equipment, buildings or land, and title passes on to a subrecipient, the treatment of the donated property will depend upon the purpose of the grant. A full discussion of title-passing match is found in the Office of Chief Financial Officer's 2015 Financial Guide.

Not all funding sources allow in-kind match. Please verify with GCC Planning Staff if the funding source from which your grant project is funded requires all cash match or if it will allow in-kind match. Of the grants administered by the Governor's Crime Commission, only the Title V Community Prevention Grants Program funded through the Juvenile Justice Committee and grants funded through the Victims Services Committee allow in-kind match. For all other GCC grants which require a match, the match must be cash.

How to Calculate Match

Formula					
Step 1	Award Amount	÷	% of Federal Share	=	Total (Adjusted) Project Cost
Step 2	Total (Adjusted) Project Cost	x	% of Recipient's Share	=	Required Match
Example					
Match Requirement = 80/20 (Federal/Recipient)					
Federal Award = \$100,000					
Step 1	\$100,000	÷	80% Federal Share	=	\$125,000
Step 2	\$125,000	x	20% Recipient's Share	=	\$25,000

Source and Type of Funds

Cash match (hard) may be applied from the following sources:

1. Funds from States and local units of government that have a binding commitment of matching funds for programs or projects (meaning the State or local unit of government has legally appropriated and obligated the funds).
2. Funds from the following:
 - a) Housing and Community Development Act of 1974, 42 U.S.C. §§ 5301, *et seq* (subject to the applicable policies and restrictions of the U. S. Department of Housing and Urban Development).
 - b) Appalachian Regional Development Act of 1965, 40 U.S.C. 214.
3. Equitable Sharing Program, 21 U.S.C. § 881 (e) (current guidelines developed by the DOJ Asset Forfeiture Office apply). Forfeited assets used as match from the Equitable Sharing Program would be adjudicated by a Federal court.
4. Funds contributed from private sources.
5. Program income generated from projects and the related interest earned on that program income, provided they are identified and approved as part of the project and budget application.
6. Program income funds earned from seized assets and forfeitures (adjudicated by a State court, as State law permits).
7. Funds appropriated by Congress for the activities of any agency of a tribal government or the Bureau of Indian Affairs for performing law enforcement functions on tribal lands.
8. Sources otherwise authorized by law.

Timing of Matching Contributions

The full matching share must be obligated by the end of the award period for each fiscal year (if a two or more year award has been secured). Time-phased matching may be required by GCC on awards to subrecipients if GCC staff becomes aware that match reporting is slow or non-existent.

Records for Match

Recipients and their subrecipients must maintain records which clearly show the source, the amount, and the timing for all matched contributions. In addition, if a project has included within its approved budget contributions which exceed the required matching portion, the recipient must maintain records of them in the same manner as it does GCC funds and required matching shares. For all block/formula funds, the State has primary responsibility for subrecipient compliance with the requirements. For all discretionary funds, the recipient and the subrecipient or contractual recipient have shared (joint) responsibility for ensuring compliance with all the requirements regarding matching shares, including proper reporting.

The **full matching share** (both cash and in-kind) based on the amount of funds reimbursed must be submitted by the final expense reimbursement. If 100% of the matching share has not been reported within 30-days of the end of the grant period the final reimbursement should include the entire match.

Program Income

All proceeds generated or monies collected as a direct result of an agency-funded project is considered to be program income must be reported and used to support the grant funded project (e.g. if the purpose of the grant is to conduct conferences, any training fees or vendor fees that are generated would be considered program income).

Use of Program Income

Program income may be used to further project objectives, or may be refunded to GCC. It may only be used for allowable project costs and must be expended prior to additional reimbursements. For most awards, the program income may only be used for allowable program costs and must be spent prior to draw downs. The draw down restriction does not apply to Juvenile Accountability Block Grant (JABG) and Justice Assistance Grant (JAG) awards.

Accounting for Program Income

Program income must be used for the purposes and under the conditions applicable to the award. Unless specified by GCC, program income should be used as earned and expended as soon as possible. If the cost is allowable under the Federal grant program, then the cost would be allowable using program income. If program income earned on a discretionary grant during the grant period remains at the end of the period, the recipient should request a no cost extension of the grant period to provide ample time to expend the program income for allowable project purposes. Any program income earned during the project period but not utilized for the project must be refunded to GCC. If there is no special condition on the award concerning the accounting for program income earned after the funding period, then such program income can be used at the discretion of the recipient. The Federal portion of program income must be accounted for up to the same ratio of Federal participation as funded in the project or program, i.e.:

1. A discretionary project funded with 100% Federal funds must account for and report on 100% of the total program income earned. If the total program income earned was \$20,000, the recipient must account for and report the \$20,000 as program income.
2. If a recipient was funded by formula/block funds at 75% Federal funds and 25% non-Federal funds and the total program income earned by the grant was \$100,000, \$75,000 must be accounted for and reported by the recipient as program income.

Examples of Program Income

1. **Sale of Property.** In the case of real property purchased in part with Federal funds, the recipient and/or subrecipient may be permitted to retain title upon paying GCC for its fair share of the property. The Federal share of the property may be computed by applying the percentage of the Federal participation in the total cost of the project for which the property was acquired to the current fair market value of the property.
2. **Royalties.** Recipient may keep royalties received from copyrights or other works developed under projects or from patents and inventions, unless the terms and conditions of the project provide otherwise, or a specific agreement governing such royalties has been negotiated between GCC and the recipient.
3. **Attorney's Fees and Costs.** Income received pursuant to a court ordered award of attorney's fees or costs, which is received after completion of the project, is program income to the extent that it represents a reimbursement for attorney's fees and costs

originally paid under the award. This type of program income is subject to the restrictions stated in the award.

4. **Registration/Tuition Fees.** These types of program income must be treated in accordance with the instructions stated in the project's terms and conditions.
5. **Asset Seizures and Forfeitures.** Program income from asset seizures and forfeitures is considered earned when the property has been adjudicated to the benefit of the plaintiff (i.e., law enforcement entity). Income received from the sale of seized and forfeited assets (personal or real property) or from seized and forfeited money must follow the "Addition Method" of handling program income unless an alternate method is designated in the recipient's award document. The following policies apply to program income from asset seizures and forfeitures:
 - a) Subrecipient program income, with the approval of the recipient, may be retained by the entity organization earning the program income or used by the recipient for any purpose that furthers the objectives of the legislation under which the grant was made.
 - b) States or local units of government may use program income funds from seized and forfeited assets as match when assets are adjudicated by a State Court, in accordance with the State law. In addition, State and local units of government may use cash received under the equitable sharing program for the non-federal portion (match) of program costs, as provided for in the guidelines established by the US DOJ Asset Forfeiture Office, when the assets are judged by a Federal court organization.
6. **Membership Fees.** When an organization receives membership fees and its only source of income is Federal grant funds, the membership fees will generally be considered program income. When an organization receives non-member income and uses that income to provide services to its members, then membership income may be considered program income. How much of the membership income is considered program income will be in proportion to the amount of Federal and non-Federal funds that the organization receives? An organization need not report its membership fees as program income if the fees were received before the organization began to receive Federal award funds, or if they are used to provide member services that are separate and distinct from grant-funded services.

Adjustments to Awards

All requests for changes to approved grant award projects will be carefully reviewed by the designated GCC Staff in order to assess the overall impact of the proposed change to project goals and objectives. Adjustment requests to the grant project may be submitted any time after Grant Award documents have been signed, returned, and the grant project has been opened in GEMS. All requests should be submitted **10 (ten) days prior** to the end date of the grant project. In extenuating circumstances, when an adjustment to the budget or an adjustment to the end date is being requested within 30 (thirty) days prior to the grant project ending, the Project Director must detail events that led to the need for such changes so close to the end date. This information must be outlined and submitted in the form of an e-mail or letter to the GCC Community Development Specialist for consideration. There is no guarantee that requests will be approved due to

the lateness of the request. There will be NO ADJUSTMENTS TO GRANT END DATES OR BUDGETS AFTER THE GRANT HAS ENDED. Project personnel adjustments may be made as turnover within an agency takes place. The following are types of modifications that are allowed to be made to projects:

Types of Budget Adjustments.

- Project Personnel modifications
- Changes in scope that affect the project budget.
- Grant Extensions
- Reallocation of funds
- Relative expenses may be added to the budget using the

Project Personnel Modifications. Subrecipients may request the following personnel changes in GEMS under non-budgetary adjustments.

1. **Changes to the Subrecipient's Authorized Signing Official and/or Official's Contact Information.** A subrecipient may make changes to the person who is responsible for authorizing and signing official documents. These changes include name, address, phone number, email address, fax number, cell phone number, title, etc. for the Authorizing Official, Finance Officer, and/or Project Director.
2. **Changes to the Subrecipient's Contact Name or Key Staff and/or Contact Information.** A subrecipient must report changes to the information for main contacts or key staff in GEMS through a non-budgetary adjustment. These changes specifically include name, address, phone number, email address, fax number, cell phone number, title, etc. This would also include notification of the temporary absence of the Project Director.

Program Modification / Changes to the Scope of the Grant. A subrecipient may make minor changes in methodology, approach, or other aspects of the grant to expedite achievement of the project's objectives. These changes might include:

1. Altering programmatic activities;
2. Changing the purpose of the project;
3. Changing the project site; or
4. Experiencing or making changes to the organization or staff with primary responsibility for implementation of the grant, contracting out, sub-granting, or otherwise obtaining the services of a third party to perform activities which are central to the purpose of the award.

Grant Extensions. A Non-Budgetary Adjustment for a Grant Period Extension should be submitted when a request to modify the grant period is needed.

Reallocation of Funds.

Program Office Approvals. Written prior approval is required for those costs specified in Title 2 CFR Parts 215, 220, 225 and/or 230 as "Costs Allowable with Approval of Awarding Agency", or costs which contain special limitation. These costs are discussed in the next section.

Notification

All recipients must give prompt notification in GEMS of events or proposed changes which may require an adjustment or notification. The recipient must set forth the reasons and basis for the proposed change and any other data deemed helpful for GCC review.

Costs Requiring Prior Approval

Written approval is required for those costs specified in Title 2 CFR Parts 215, 220, 225, and 230 as “Costs Allowable with Approval of Awarding Agency” or costs which contain special limitations. Cost approval requests must be in writing and must include an explanation justifying the expenditure and submitted to the subrecipient’s Grant Account Manager. A partial list of costs requiring prior approval follows: conferences and trainings (in-state & out-of-state), consultant services not listed on the grant application, expenses not listed on the grant application, equipment not listed on the grant application. Communication with the Grant Account Manager is essential to ensure continued success of the grant project. If it is found that additions such as the ones listed are needed, contact the GCC Grant Account Manager listed in GEMS for the grant project to discuss the feasibility of making such changes.

Automatic Data Processing Equipment and Software. Awards may include provisions for procurement of ADP equipment. The application will be written in a manner consistent with maximum, open, free and fair competition in hardware and services. Brand names should not be specified when such ADP equipment includes the following types and requirements:

1. Digital, analog, or hybrid computer equipment and automated fingerprint equipment.
2. Auxiliary or accessorial equipment, such as data communication terminals, source data automation recording equipment (e.g. optical character recognition and other data acquisition devices), and data output equipment (e.g. digital plotters, computer output microfilms) to be used in support of digital, analog, or hybrid computer equipment, whether cable-connected, wire- connected, radio-connected, or self- standing, and whether selected or acquired with a computer or separately.
3. Data transmission or communications equipment that is selected and acquired solely or primarily for use with a configuration of ADP equipment that includes a computer.

Criminal Justice Information and Communication Systems that are to be funded should be designed and programmed to maximize the use of standard and readily available computer equipment and programs. A detailed requirements analysis should be performed and a search for existing software that could meet the identified requirements should be made before new software is developed. If new software is developed, it shall be designed and documented so that other criminal justice agencies will be able to use it with minor modifications and at minimum cost.

Equipment and Other Capital Expenditures. Equipment and other capital assets, including repairs which materially increase their useful life, are allowable with prior approval. In reviewing equipment acquisition budgets and proposals, the following principles must be adhered to:

1. No other equipment owned by the subrecipient is suitable for the project.
2. Federal funds are not used to provide reimbursement for the purchase of equipment already owned by the subrecipient. Exception: Equipment that has been purchased for a common pool and will be charged to the award at cost value is allowable. Equipment that has already been purchased and charged to other activities of the organization **is not an allowable expense** to the award.

3. The cost of equipment purchased and used commonly for two or more programs should be appropriately divided among each activity.

Consultant Rates. Compensation for individual consultant services is to be reasonable and consistent with that paid for similar services in the marketplace. Invoices and time sheets must be submitted along with the signature of the contractor and the GCC subrecipient's agency representative certifying the accuracy of the work performed and due compensation. **Contracts must be submitted to GCC and approval must be received from GCC prior to any work beginning in order for costs incurred to be reimbursed.**

- Each grant-making agency periodically establishes a consultant rate maximum limit.
- The consultant rate maximum limit is \$650 per day or \$81.25 per hour.
- This limit is specified in the terms and Special Conditions of the award.
- When the rate exceeds the limit for an 8-hour day, or a proportionate hourly rate (excluding travel and subsistence costs), a written prior approval is required from GCC. Prior approval requests require additional justification.
- An 8-hour day may include preparation, evaluation, and travel time in addition to the time required for actual performance.
- Please note, however, that this does not mean that the rate can or should be the maximum limit for all consultants.
- Consultants who are contracted through a competitive bidding process (not sole source) are not subject to the maximum consultant rate threshold.
- Those consultants who have been hired without a competitive bidding process are subject to the maximum consultant rate threshold.
- Rates will be reviewed on a case-by-case basis.
- In order to calculate a rate of compensation for consultants associated with and employed by educational institutions, divide the total compensation projected for 12 months by 260.
- If the resulting rate of compensation exceeds the maximum consultant rate established by the grant-making agency, written prior approval must be obtained.
- Compensation for consultants employed by State and local government will only be allowed when the unit of government will not provide these services without cost.
- If a State or local government employee has been contracted to provide services that are related to his or her employment with the State or local government, the rate of compensation is not to exceed the daily salary rate for the employee paid by the unit of government.
- If the State or local government employee has been contracted to provide services that are unrelated to his or her employment with the State or local government, then the rate of

compensation is based on the necessary and reasonable cost principles which cannot exceed the maximum rate allowed by GCC without prior written approval.

Property and Equipment

******The bid process is required even if the vendor that a subrecipient seeks to use is already listed on the state approved vendor list for the purchase of equipment. Documentation showing that bidding took place **MUST** be submitted prior to reimbursement of equipment. Upload this information under Project Attachments OR upload this information along with the reimbursement request for which equipment expenses will be sought. The Property Control Record & Equipment Certification Form and pictures of the equipment (showing the serial number in the picture) are required.

If the subrecipient does not establish and maintain an adequate property management system, project costs associated with the acquisition of property will be disallowed.

State of NC Equipment Requirements (Supplemental) Capitalization/Classification Policy

A capital asset is property, such as land, land improvements, easements, buildings, equipment, works of art and historical treasures, and infrastructure, with a cost equal to or greater than \$5,000 and a useful life of two or more years. Capital assets are acquired for use in normal operations and are not for resale. These assets may be subject to depreciation (see State of NC Comptroller's Depreciation). Exceptions to the \$5,000 capitalization threshold will require written approval by the Office of the State Controller (OSC).

Assets costing below \$5,000 are expensed; they are not capitalized nor depreciated for financial reporting purposes. A physical inventory will be taken of inventoried assets at least once a year at the same time the capitalized fixed assets are inventoried (Physical Inventory).

Intangible assets, which are generally classified as capital assets, have a separate capitalization threshold (see State of NC Comptroller's Intangible Assets Policy).

Accounting Guidance:

Costs incurred to keep a fixed asset in its normal operating condition that do not extend the original useful life of the asset or increase the asset's future service potential, are not capitalized. These costs are expensed as repairs/maintenance (see State of NC Comptroller's Maintenance).

According to GAAP, capital assets should be recorded at historical cost or estimated historical cost. Cost includes purchase price or cost of construction plus any other charges incurred to place the asset in its intended location and condition for use. Examples of other charges include, but are not limited to:

- legal and title fees
- appraisal and negotiation fees
- surveying fees
- other closing costs
- damage payments
- land-preparation costs
- demolition cost

- architect and accounting fees
- insurance premiums during the construction phase
- transportation charges
- interest cost incurred during construction of the asset

Donated assets should be recorded at their fair market value on the date donated. The fair market value is the estimated amount at which the asset would be exchanged between a willing buyer and seller when neither is forced into the exchange. Both parties should have knowledge of all facts and consider it an equitable exchange.

In-house resources such as labor, materials, and supplies used from General Services should also be included as part of the cost of the asset. Capitalize the costs as if outside sources were used.

Once capital assets are recorded, any adjustment to the values or useful lives requires management authorization.

Classification:

According to the Governmental Accounting Standards Board (GASB), the classification of capital assets depends upon the funds used to purchase them:

"A clear distinction should be made between general capital assets and capital assets of proprietary and fiduciary funds. Capital assets of proprietary funds should be reported in both the government-wide and fund financial statements. Capital assets of fiduciary funds (and similar component units) should be reported only in the statement of fiduciary net assets. All other capital assets of the governmental unit are general capital assets.

They should not be reported as assets in governmental funds but should be reported in the governmental activities column in the government-wide statement of net assets" (prepared by the State of NC OSC). (GASB Sec 1400)

http://www.ncosc.net/sigdocs/sig_docs/documentation/policies_procedures/sigCapitalizationClassification_Pol.html

Physical Inventory Policy

A physical inventory of capitalized and inventoried fixed assets is taken to verify that assets recorded are physically located in an agency. Inventories are taken at least annually.

The inventory is taken by someone who does not have custody of the assets, nor responsibility for receiving, checking in, tagging, and recording the assets (see Separation of Duties).

If a capitalized or inventoried asset is missing at inventory, the Missing Asset Form is completed to document the reason for the missing asset (see Missing/Stolen Assets).

It is recommended that a physical inventory of capitalized assets and inventoried items be taken each time there is a change at a management or supervisory level that has responsibility for the assets. The out-going and in-coming supervisor/manager should sign the Physical Inventory Worksheets. The signatures indicate they both know where the assets are located and that the count is accurate.

http://www.ncosc.net/sigdocs/sig_docs/documentation/policies_procedures/sigPhysical_Inventory_Policy.html

Screening & Procurement

Careful screening should take place before purchasing property/equipment in order to ensure that it is needed. Recipients should take stock of the equipment already in possession to determine if it meets identified needs; consider establishing a screening committee to make decisions about purchases; and utilize other effective management techniques as a basis for determining that the property or equipment is needed. Subrecipients of grant funds must not enter into transactions using GCC grant funds with individuals or vendors that are nationally debarred OR suspended or that have been debarred OR suspended by the State of North Carolina. Prior to procurement transactions, subrecipients are required to upload to Project Attachments the agency's purchasing/procurement policy OR procurement/purchasing protocol and notify the designated GCC Staff.

All subrecipients are required to verify that vendors are not debarred or suspended from receiving federal or state funds. Below are the websites at which verification must be checked:

System for Award Management (SAM) <http://www.sam.gov>

- Enter the vendor name or DUNS # in the Search Records field to determine eligibility status.



- Upload to GEMS a copy of the results and along with the relative reimbursement request to show the status of the vendor has been verified.

NC Department of Administration

<http://www.pandc.nc.gov/PnCInformation.htm>



- Under General Information, the last bulleted item (Debarred Vendor) should be selected and “both” Federal and State spreadsheets should be checked to ensure the eligibility of vendors with which subrecipients elect to conduct business (based on the State guided vendor process or Sole Source) are neither debarred nor suspended from receiving payment by way of Federal or State funds.
- Upload to GEMS a copy of the results and along with the relative reimbursement request to show the status of the vendor has been verified.

Loss, Damage, or Theft of Equipment

Subrecipients are responsible for replacing or repairing property which is willfully or negligently lost, stolen, damaged or destroyed. Such instances must be investigated and fully documented, and the documentation must be made part of the official project records. GCC does not replace or repair equipment; warranties should be included in purchases.

Equipment Acquired with Crime Control Act Block/Formula Funds (BJA)

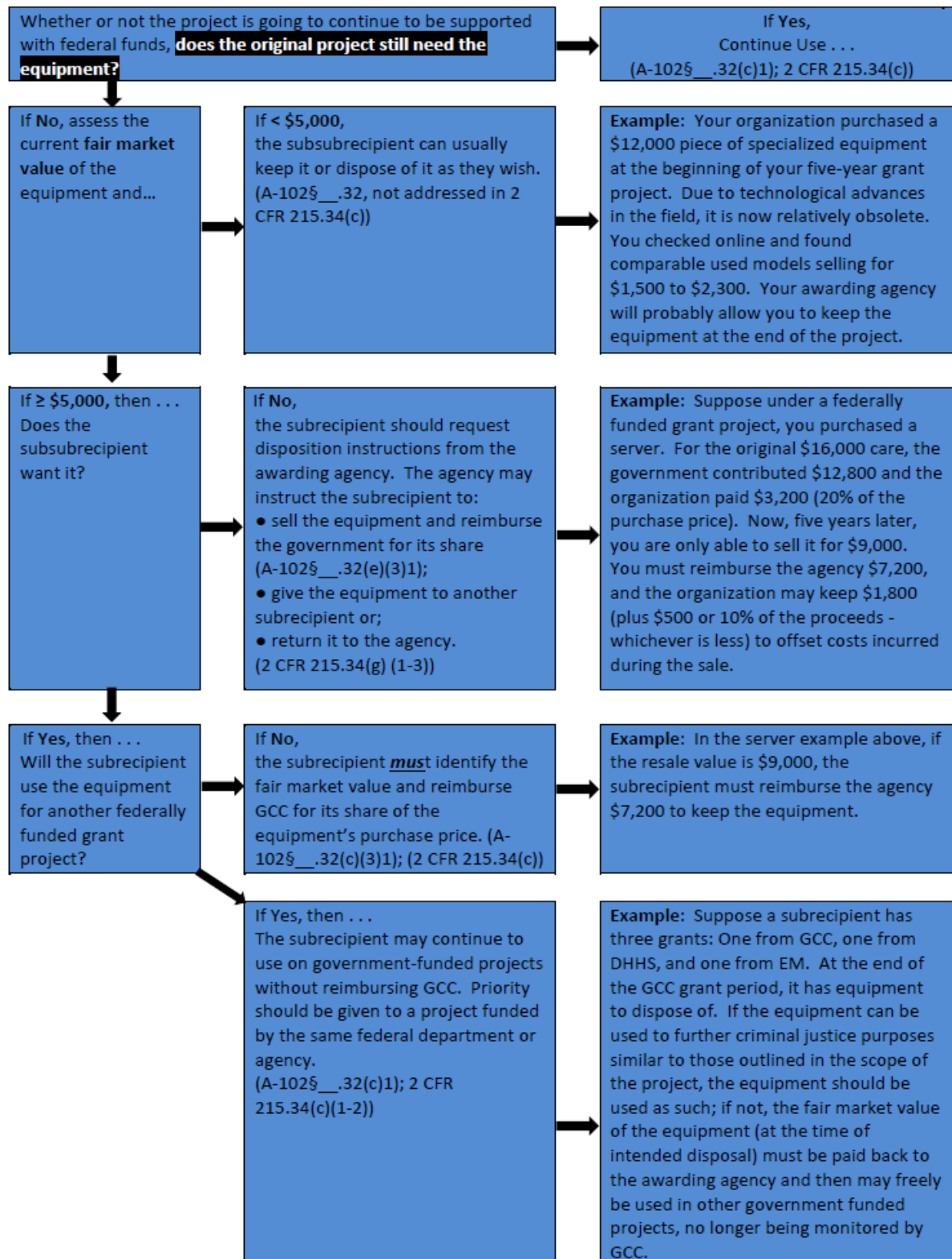
Equipment acquired through the Bureau of Justice Assistance shall be managed to ensure that the equipment is used for criminal justice purposes. Standards and procedures governing ownership, use, management, and disposition are as follows:

1. **Title.** The Omnibus Crime Control and Safe Streets Act of 1968, as amended, 42 U.S.C. § 3789

(2009), et. Seq., requires that the title to all equipment and supplies purchased with Crime Control Act funds shall vest in the criminal justice agency or non-profit organization that purchased the property, if it provides written certification to the State office that it will use the property for criminal justice purposes. If such written certification is not made, title to the property shall vest in the State office, which shall seek to have the equipment and supplies used for criminal justice purposes elsewhere in the State prior to using or disposing of it in any other manner.

2. **Use and Management.** A subrecipient or State shall use and manage equipment in accordance with its procedures as long as the equipment is used for criminal justice purposes.
3. **Disposition.** When equipment is no longer needed for criminal justice purposes, a State shall dispose of equipment, and assure its subrecipients dispose of equipment in accordance with State procedures with no further obligation to GCC.

***New GCC - Equipment Disposition Guidance Chart**



Equipment Acquired with Juvenile Justice Act (OJJDP) Formula and Victims of Crime Act Assistance (OVC) Formula Funds

Equipment acquired under an award shall be managed to ensure that the equipment is used for criminal justice purposes. Standards and procedures governing ownership, use, management, and disposition are as follows.

1. **Title.** Title to equipment acquired under an award/sub-award will vest in the recipient or subrecipient with the right of immediate or future legal ownership upon acquisition subject to the obligations and conditions set forth in Title 2 CFR § 215.34.
2. **Use.** A State shall use equipment acquired under an award in accordance with State laws and procedures. GCC encourages the States to follow the procedures set forth in the OCFO 2011 Financial Guide. Other government recipients and subrecipients shall use equipment in accordance with the following requirements:
 - a. Equipment must be used by the recipient or subrecipient in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.
 - b. The recipient or subrecipient must also make equipment available for use on other projects or programs currently or previously supported by the Federal government, providing such use does not interfere with the work on the projects or programs for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by GCC. User fees should be considered and treated as program income to the project, if appropriate.
 - c. Aside from program income, the recipient or subrecipient shall not use equipment acquired with funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted, or contemplated by Federal statute.
 - d. When acquiring replacement equipment, recipients or subrecipients may use the equipment to be replaced as a trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment, subject to the written approval of GCC.

3. Management

- a. A State shall ensure equipment acquired under an award to the State conforms to State laws and procedures for property.
- b. Other government recipient and subrecipient procedures for maintaining equipment (including replacement), whether acquired in whole or in part with project funds, must, at a minimum, meet the following requirements:
 1. Property records must be maintained which include:
 - a. Description of the property
 - b. Serial number or other identification number
 - c. Source of the property
 - d. Identification of the title holder
 - e. Acquisition date
 - f. Cost of the property

- g. Percentage of Federal participation in the cost of the property
 - h. Location of the property
 - i. Use and condition of the property
 - j. Disposition data, including the date of disposal and sale price
2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
 3. Loss, damage, or theft:
 - a. A control system must be in place with adequate safeguards to prevent these occurrences;
 - b. Recipients must promptly and properly investigate these occurrences;
 - c. Adequate maintenance procedures must exist to keep the property in good condition.
 - d. If the recipient is authorized to sell the property, proper sale procedures must be established to ensure the highest possible return.

4. Disposition

- a. A State recipient must dispose of its equipment acquired under an award to the State in accordance with State laws and procedures.
- b. Other recipients and subrecipients must dispose of the equipment when original or replacement equipment acquired under the award or sub-award is no longer needed for the original project. They are also required to dispose of equipment acquired under an award when the equipment will be used for other activities currently or previously supported by a Federal agency. Disposition will be made as follows:
 1. Items with a current per unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to GCC.
 2. Items with a current per unit fair market value of \$5,000 or more may be retained or sold, and GCC will have a right to a specific dollar amount calculated by multiplying the current market value or proceeds from the sale item by GCC's share of the equipment. The seller is also eligible for sale costs.
 3. In cases where a subrecipient fails to take appropriate disposition actions, GCC may direct the recipient to take other disposition actions.

Equipment and Nonexpendable Personal Property Acquired with Discretionary Funds

1. **Title.** Title to equipment acquired with Federal funds will vest upon acquisition in the recipient subject to the obligations and conditions set forth in Title 28 CFR Part 66 for State and local units of government, and in Title 28 CFR Part 70 for other recipients.
2. **Use.** A State shall use equipment acquired under an award by the State in accordance with State laws and procedures. Refer to the state policies on the green sheet.

Local government recipients should use equipment in accordance with the requirements contained in the section "Equipment Acquired with Juvenile Justice Act (OJJDP) Formula and Victims of Crime Act Assistance (OVC) Formula Funds."

Other recipients should use nonexpendable personal property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original project or program, the recipients shall use the nonexpendable personal property in connection with its other federally sponsored activities in the following order of priority:

- a. Other projects funded by GCC able to utilize the equipment.
- b. Grants of a State needing the property.
- c. Projects of other Federal agencies able to utilize the equipment.

3. Management

- a. A State must ensure its equipment acquired under an award is managed in accordance with State laws and procedures over property.
- b. Local recipients and subrecipients must ensure that equipment acquired under an award is in accordance with requirements stated in the section “Equipment Acquired With Juvenile Justice Act (OJJDP) Formula and Victims of Crime Act Assistance (OVC) Formula Funds.”
- c. Other recipients’ property management standards for nonexpendable personal property must include the following requirements:
 1. Property records should be maintained accurately and include the following:
 - a. A description of the property;
 - b. Manufacturer’s serial number, model number, Federal stock number, or other identification number;
 - c. Source of the property, including the award number;
 - d. Whether title vests in the recipient or the Federal Government;
 - e. Acquisition date (or date received, if the property was furnished by the Federal Government) and cost;
 - f. Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired (not applicable to property furnished by the Federal Government);
 - g. Location, use, and condition of the property at the date the information was reported;
 - h. Unit acquisition cost; and
 - i. Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal awarding agency for its share.
 2. A physical inventory of property must be taken and the results reconciled with the property records at least once every 2 years. Any differences between quantities determined by the physical inspection and those shown in the accounting records must be investigated to determine the causes of the difference. The recipient will, in connection with the inventory, verify the existence, current utilization, and continued need for the property.
 3. A control system should be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property should be investigated and fully documented. If the property was owned by the Federal Government, the recipients must promptly notify the Federal agency.

4. Adequate maintenance procedures must be implemented to keep the property in good condition.
5. Where the recipient is authorized or required to sell the property, proper sales procedures should be established which will provide for competition to the extent practicable and result in the highest possible return.

4. Disposition

- a. A state should dispose of its equipment acquired under the award by the State in accordance with State laws and procedures.
- b. Local recipients and subrecipients should follow the disposition requirements in the section “Equipment Acquired with Juvenile Justice Act (OJJDP) Formula and Victims of Crime Act Assistance (OVC) Formula Funds.”
- c. Other recipients should use the following disposition requirements for nonexpendable personal property:
 1. A recipient may use nonexpendable personal property with a fair market value of less than \$5,000 for other activities without reimbursement to the Federal Government, or may sell the property and retain the proceeds.
 2. A recipient may retain nonexpendable personal property with a fair market value of \$5,000 or more for other uses provided that compensation is made to GCC or its successor. The amount of compensation should be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the recipient has no need for the property and the property has further use value, the recipient should request disposition instructions from GCC. GCC shall determine whether the property can be used to meet the agency’s requirements. If no requirement exists within that agency, the availability of the property should be reported to the U. S. General Services Administration (GSA) by the Federal agency to determine whether a requirement for the property exists in other Federal agencies. GCC should issue instructions to the recipient no later than 120 days after the recipient’s request, and the following procedures will govern:
 - a. If so instructed, or if disposition instructions are not issued within 120 calendar days after the recipient’s request, the recipient should sell the property and reimburse GCC an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the grant. However, the recipient will be permitted to deduct and retain from the Federal share \$100 or 10 percent of the proceeds, whichever is greater, for the recipient’s selling and handling expenses.
 - b. If the recipient is instructed to ship the property to other agencies needing the property, the recipient should be reimbursed by the benefitting Federal agency with an amount computed by applying the percentage of the recipient’s participation in the cost of the project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.
 - c. If the recipient is instructed to otherwise dispose of the property, the recipient should be reimbursed by GCC for such costs incurred in its disposition.

5. **Transfer of Title** GCC may reserve the right to transfer title to property acquired with Federal funds that have a fair market value of \$5,000 or more to the Federal Government or a third party named by GCC, when such a third party is otherwise eligible under existing statutes. Such transfers are subject to the following standards:

- a. The property must be identified in the award or otherwise made known to the recipient in writing.
- b. GCC should issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If GCC fails to issue disposition instructions within the 120-calendar day period, the recipient shall follow standards set in Title 28 CFR, Part 66 and Title 28 CFR, Part 70.
- c. When title to property is transferred, the recipient should be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property.

Replacement of Property (Equipment and Nonexpendable Personal Property)

When an item of property is no longer efficient or serviceable but is still needed for criminal justice purposes, the property may be replaced through trade-in, or sale and subsequent purchase of new property. The following conditions must be met:

1. Replacement property must serve the same function as the original property and be of the same nature or character although not necessarily of the same grade or quality.
2. Value credited for the property, if the property is traded in, must be related to its fair market value.
3. Purchase of replacement property must take place soon enough after the sale of the property to show that the sale and the purchase are related.
4. When acquiring replacement property, the original property may be used as a trade-in, or the proceeds from the sale of the original property may be used to offset the cost of the new property.
5. State subrecipients must obtain the written permission of the State awarding agency (GCC) to use the provisions of this section prior to entering into negotiation for property replacement or trade-in.

Retention of Property Records

Records for equipment and non-expendable personal property must be retained for a period of five years from the date of disposition, replacement, or transfer. If any litigation, claim, or audit is started before the expiration of the five-year period, the records must be retained until all litigations, claims, or audit findings involving the records have been resolved.

Supplies

1. **Title.** Title to supplies acquired under an award or sub-award vests, upon acquisition, in the recipient or subrecipient, respectively.
2. **Disposition.** If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the funding support and the supplies are not needed for any other grant-sponsored programs or projects, the recipient or subrecipient must compensate GCC for its share. The amount of compensation will be computed in the same manner as for non-expendable personal property or equipment.

Copyright

GCC reserves a royalty-free, non-exclusive, and irrevocable right to reproduce, publish, or otherwise use,

and authorize others to use, for Federal government purposes the following:

1. The copyright of any work developed under an award or sub-award
2. Any rights of copyright to which a recipient purchases ownership with support

Patents, Patent Rights, and Inventions

If any program produces patentable items, patent rights, processes, or inventions, in the course of work sponsored by the Federal award or sub-award funds, such facts must be promptly and fully reported to GCC. Unless there is a prior agreement between the recipient and GCC on disposition of such items, GCC may determine whether protection on the invention or discovery will be sought. GCC will also determine how rights in the invention or discovery (including rights under any patents issued) will be allocated and administered in order to protect the public interest consistent with “Government Patent Policy” (President’s Memorandum for Heads of Executive Departments and Agencies, dated August 23, 1971, and statement of Government Patent Policy, as printed in 36 Federal Register 16,839). Government-wide regulations have been issued in Title 37 CFR Part 401 by the U.S. Department of Commerce.

Procurement under Awards of Federal Assistance

Procurement Standards

General A State should follow the same policies and procedures it uses for procurement from its non-Federal funds. The State must ensure that every purchase order or other contract includes any clauses required by Federal statutes, executive orders, and related implementing regulations. Therefore subrecipients of GCC grant funds must provide documentation showing that parties with which business transactions are conducted, are not debarred or suspended. The status of such entities or persons may be verified by using search tools at the following websites: www.sam.gov (SAM) and <http://www.pandc.nc.gov/PnCInformation.html> (NC Department of Administration’s Vendor Debarment Databases – Federal and State lists).

1. **Adequate Competition.** All procurement transactions, whether negotiated or competitively bid and without regard to dollar value, must be conducted in a manner so as to provide maximum open and free competition. The Uniform Administrative requirements codified in Title 2 CFR Part 215 (U.S. DOJ Title 28 CFR §66.36 and Title 28 CFR §70.44) requires competition on contracts. The application should state a competitive process will occur to select a contractor – do not name a specific contractor without competition.

A sole source procurement process may be used when it can be documented:

1. The item or service is available only from a single source;
2. A true public necessity or emergency exists; or
3. After competitive solicitation, competition is considered to be inadequate.

All sole source procurements must receive prior approval from the Governor’s Crime Commission staff and any sole source procurement in excess of \$100,000 must receive prior approval of the Federal awarding agency. Interagency agreements between units of government are excluded from this provision.

Sole source contracts may not be awarded to an entity not eligible to be a direct recipient. For example, many grant program awards cannot be distributed to a commercial or for-profit organization as a sole-source contractor if that organization is ineligible to receive a direct award under a specific appropriation or program.

Sole Source Justification Sample Outline

Paragraph	Content
1	Brief description of program and the product or service being contracted.
2	Explanation of why it is necessary to contract non-competitively, including the following contractor qualities: a. Organizational expertise b. Management c. Knowledge of the program d. Responsiveness e. Expertise of personnel
3	Statement of when contractual coverage is required and, if dates are not met, what impact it will have on the program (for example, how long it would take another contractor to reach the same level of competence). Make sure to include the financial impact in dollars.
4	Outline of the unique qualities of the contractor.
5	Other points to "sell the case."
6	Declaration that this action is in the "best interest" of the grantor agency and/or the Federal Government.
7	Conflict of Interest Review

2. **Non-competitive Practices.** Recipients must have a documented process to check for organizational conflicts of interest with potential contractors. Recipients must ensure that contracts are not awarded to contractors or individuals listed in the SAM database as debarred or suspended. For a specific procurement, contractors who have been involved in the development of the procurement must be excluded from bidding or submitting proposals. For example, bids or proposals should not be accepted from contractors who have developed or drafted specifications, requirements, statements of work, and/or requests for proposals for the procurement. Any request for exemption must be submitted in writing to GCC, and will not be effective unless GCC approves the request.

Allowable Costs

Background

Allowable costs are those costs identified in the relevant OMB circulars and in the grant program's authorizing legislation. To be allowable, costs must be reasonable, allocable, necessary to the project, and included in the approved application project plan and budget.

Compensation for Personal Services

1. **Support of Salaries, Wages, and Fringe Benefits.** Charges made to awards for salaries, wages, and fringe benefits will be based on payroll records approved by the employee's supervisor and in accordance with the generally accepted practices of the organization.
2. **Multiple Grant Programs or Cost Activities.** Where grant recipients work on multiple grant programs, or cost activities, a reasonable allocation of costs to each activity must be made based on time and/or effort reports (e.g. timesheets). These reports must:
 - a. reflect an after-the-fact distribution of the actual activity of each employee;
 - b. account for the total activity for which each employee is compensated;
 - c. be prepared monthly and coincide with one or more pay periods; and
 - d. be signed and dated by the employee and a supervisory official having firsthand knowledge of the work performed.

In cases where two or more grants constitute one identified activity or program, salary charges to one grant may be allowable after written permission is obtained from GCC.

GCC must approve salary supplements, including severance provisions and other benefits with non-Federal funds.

3. **Added Work.** A State or local government employee may be employed by a recipient, in addition to his or her full-time job, provided the work is performed on the employee's own time and:
 - a. The compensation is reasonable and consistent with that paid for similar work in other activities of State or local government
 - b. The employment arrangement is approved and proper under State or local regulation (e.g., no conflict of interest)
 - c. The time and/or services provided are supported by adequate documentation.
4. **Overtime Compensation.** Recipient/subrecipient employees should be compensated with overtime payments for work performed in excess of the established work week (usually 40 hours). Payment of more than occasional overtime is subject to periodic review by GCC. In addition, overtime compensation is typically reviewed during site visits and audits. Executives, such as the President or Executive Director of an organization, may not be reimbursed for overtime or compensatory time under grants and cooperative agreements.
5. The agency must upload a copy of its Over Time Policy under Project Attachments in GEMS and notify the designated GCC Staff of the upload.

NOTE: The overtime premium should be prorated among the jobs and not charged exclusively to GCC funds.

6. **Award Purposes and Dual Compensation.** Charges for the time of State and local government employees assigned to assistance programs may be reimbursed to the extent they are directly and exclusively related to the award.

In no case is dual compensation allowable. That is, an employee of a unit of government may not receive compensation from his/her unit or agency of government AND from an award for a single period of time (e.g., 1 p.m. to 5 p.m.), even though such work may benefit both activities.

Job descriptions for all positions listed in personnel and contractual, including those used as match, must be uploaded to the project in GEMS at the beginning of the grant period.

Conferences, Workshops, and Meetings

Allowable costs for subrecipient hosted conferences, workshops or meetings may include (**no food**):

- Conference or meeting arrangements
- Publicity
- Registration
- Salaries of personnel
- Rental of staff offices
- Conference space

- Recording or translation services
- Postage
- Telephone charges
- Travel expenses (includes transportation and subsistence for speakers or participants)
- Lodging (restrictions apply – see below)

Travel

A copy of the subrecipient's "agency or BOD approved" Travel Policy must be uploaded as a project attachment in GEMS prior to the reimbursement of any travel expenses. Travel expenses must not exceed the State Travel Policy. As of January 2015, the State of NC Budget Manual lists travel rates as:

5.1.2 Subsistence Rates

Subsistence is an allowance related to lodging and meal costs (including gratuities) ([G.S. 138-6](#)). For the purposes of determining eligibility for allowances, travel status means being away from the employee's normal duty station or home and, while traveling, the employee must be acting in his/her official capacity as required by his/her work activities.

The maximum allowable statutory rate for meals and lodging (subsistence) is \$103.20 for in-state travel and \$117.70 for out-of-state travel. The Director of the Budget revises the subsistence rate periodically based on the percentage change in the Consumer Price Index for All Urban Consumers ([G.S. 138-6\(a\)\(5\)](#)). The payment of sales tax, lodging tax, local tax, or service fees applied to the cost of lodging is allowed in addition to the lodging rate and is to be paid as a lodging expense ([G.S. 138-6\(a\)\(3\)](#)).

The employee may exceed the part of the ceiling allocated for lodging without approval for over-expenditure provided that the total lodging and food reimbursement that the employee is entitled to for that day does not exceed the maximum allowed daily subsistence ([G.S. 138-6\(a\)\(3\)](#)).

The following schedule shall be used for reporting allowable subsistence expenses incurred while traveling on official state business:

**STATE OF NORTH CAROLINA
BUDGET MANUAL
OFFICE OF STATE BUDGET AND MANAGEMENT**

Effective Date July 1, 2013

Updated January 1, 2015

	<u>In-State</u>	<u>Out of State</u>
Breakfast	\$ 8.20	\$ 8.20
Lunch	\$ 10.70	\$ 10.70
Dinner	\$ 18.40	\$ 20.90
Lodging (actual, up to)	<u>\$ 65.90</u>	<u>\$ 77.90</u>
Total	\$103.20	\$117.70

Travel expenses are allowable costs for employees who are in travel status on official business related to the grant project. Completed Travel Logs must include the following:

- starting location
- purpose of the trip
- destination
- total miles traveled
- rate at which miles are reimbursed by the subrecipient's agency (which must be consistent with the agency's approved Travel Policy)
- signatures of the traveler and the traveler's supervisor

Expenses submitted for reimbursement must be in accordance with State or an organizationally approved Travel Policy that does not exceed State established rates, or rules. If a subrecipient does not have a written travel policy, the recipient must abide by the State Travel Policy, located at http://www.osbm.state.nc.us/files/pdf_files/BudgetManual.pdf

Prior approval from GCC staff is required for all out-of-state travel and all in-state conference/training travel expenses that will be submitted for reimbursement using grant funds. Travelers who attend events where food and beverages are provided as part of the agenda will not be reimbursed for subsistence. An agenda, lodging, flight, fuel and registration documentation must be submitted as applicable with support documentation. Unless otherwise approved, travel must be conducted by the most efficient means available.

Project Site Space

The cost of space in privately or publicly owned buildings used for the benefit of the project is allowable subject to the conditions stated below:

- The total cost of space does not exceed the rental cost of comparable space and facilities in a privately owned building in the same locality.

- The cost of space procured for project usage may not be charged to the program for periods of non-occupancy.
 - All expenses used commonly for two or more projects should be appropriately prorated to each project.
 - A copy of the lease agreement should be uploaded as a project attachment in GEMS at the beginning of the grant period.
1. **Rental Cost.** The rental cost of space in a privately-owned building is allowable. However, rent cannot be charged to a GCC grant if the building is owned by the subrecipient or if the subrecipient has a financial interest in the property.

Comparable costs for a publicly owned building are allowable where “rental rate” systems, or equivalent systems that adequately reflect actual costs, are employed. Such charges must be determined on the basis of actual cost (including depreciation based on the useful life of the building, operation and maintenance, and other allowable costs). Where these costs are included in rental charges, they may not be charged elsewhere. No rental costs may be charged for building purchases or construction that was originally financed by the government.

2. **Maintenance and Operation.** The cost of utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, normal repairs and maintenance, and the like are allowable to the extent they are not otherwise included in rental or other charges for space.
3. **Rearrangements and Alterations.** Costs incurred for rearrangement and alteration of facilities required specifically for the award program, or those that materially increase the value or useful life of the facility, are allowable when specifically approved by GCC.
4. **Depreciation or Use Allowances.** Depreciation or a use allowance on idle or excess facilities is not allowable, except when specifically authorized by the Federal awarding agency.
5. **Occupancy of Space under Rental-Purchase or a Lease with Option-to-Purchase Agreement.** The cost of space procured under such arrangements is allowable when specifically approved by GCC. This type of arrangement may require application of special matching share requirements under construction programs.

Printing

For the purposes of determining allowable costs, printing is defined as including and applying to the process of composition, plate-making, presswork, binding, and microfilm; the equipment classified in the tables in Title II of the Government Printing and Binding Regulations, published by the Joint Committee on Printing, Congress of the United States, and used in such processes; or the end items produced by these processes and equipment. Pursuant to the Government Printing and Binding Regulations, no project may be awarded primarily or substantially for the purpose of having material printed for GCC. The Government Printing and Binding Regulations allow:

1. **Issuance.** The issuance of a project for the support of non-government publications provided such projects were issued pursuant to an authorization of law and were not made primarily or substantially for the purpose of having material printed for GCC.
2. **Publications of Findings.** The publication of findings by recipients within the terms of the project provided such publication is not primarily or substantially for the purpose of having such findings printed for GCC.

Publication

To be considered allowable, publication costs must be incurred for work done according to a process that the recipient has described in writing. The process should include writing, editing, and preparing the illustrated material, including videos. Alternatively, it may include only the internal printing requirements from the recipient in accordance with the terms of the project. OJP has authorized any recipient employee to make or have made by any means available to him or her without regard to the journal copyright and without royalty, a single copy of any such article for his or her own use.

Project Directors are encouraged to make the results and accomplishments of their activities available to the public. Recipients who publicize project activities and results must adhere to the following parameters:

1. Responsibility for the direction of the project activity should not be ascribed to GCC. The publication must include the following statement: "The opinions, findings, and conclusions or recommendations expressed in this publication/program/exhibition are those of the author(s) and do not necessarily reflect the views of the U.S. Department of Justice or the N.C. Department of Public Safety/Governor's Crime Commission." The receipt of awarding agency funding does not constitute official recognition or endorsement of any project. A separate application for Official Recognition may be filed with GCC.
2. All materials publicizing or resulting from award activities must contain an acknowledgement of GCC assistance. An acknowledgement of support shall be made through use of the following or comparable footnote:

"This project was supported by Award No. awarded by the (name of specific office/bureau), U.S. Department of Justice, through the N.C. Department of Public Safety/Governor's Crime Commission."

3. Subrecipients are expected to publish or otherwise make widely available to the public, as requested by GCC, the results of work conducted or produced under an award.
4. All publication and distribution agreements with a publisher must include provisions giving the Federal government a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use the publication for Federal government purposes. The agreements with a publisher should contain information on GCC requirements.
5. Unless otherwise specified in the award, recipients may copyright any books, publications, films, or other copyrightable material developed or purchased as a result of award activities. Copyrighted material shall be subject to the same provisions of the Federal government.

6. Subrecipients are permitted to display the official awarding agency logo in connection with the activities supported by the award. In this respect, the logo shall appear in a separate space, apart from any other symbol or credit.

The words “Funded/Funded in part by OJP” shall be printed as a legend, either below or beside the logo each time it is displayed. Use of the logo must be approved by GCC.

7. Subrecipients shall submit a publication and distribution plan to GCC before materials developed under an award are commercially published or distributed. The plan must include a description of the materials, the rationale for commercial publication and distribution, the criteria to be used in the selection of a publisher, and to assure reasonable competition, the identification of firms that will be approached. Prior agency approval of this plan is required for publishing project activities and results when Federal funds are used to pay for the publication.

Duplication

If there is a need to duplicate less than 5,000 units of only 1 page, or less than 25,000 units in the aggregate of multiple pages, of the findings for GCC, OJP will not consider this duplication to constitute printing primarily or substantially for GCC (e.g., 5,000 copies of 5 pages, etc.). For the purpose of this paragraph, duplicated pages may not exceed a maximum image size of 10 ¾” by 14 ¼”.

Other Allowable Costs

1. **Software development** is an allowable cost which may be expensed in the period incurred, subject to the limits outlined in the budget and budget narrative.
2. **Depreciation** is an allowable cost; however an accelerated method may not be used.
3. **Post-employment benefits** are allowable costs if funded in accordance with actuarial requirements. Funds must be paid within six months of accrual.
4. **Technology awards** are allowable. However the drawdown of funds may be prohibited until the State Information Technology Point of Contact person has received written notification of the project and an approval has been issued by GCC.
5. **Costs of contingency fee contracts** incurred by State and local governments for recovery of erroneous and improper payments charged against Federal programs are allowable. State and local governments may use a portion of the recovered erroneous or fraudulent payments from Federal programs to pay for recovery contracts.

Unallowable Costs

Food and Beverages for Meetings, Conferences, Training, or Other Events

Governor’s Crime Commission funding must not be used to purchase food and/or beverages for meetings, conferences, trainings or other events except for Crime Victims’ service shelters, child advocacy centers and juvenile justice project funded programs involving children (discuss with Grant Management and Planning staff if additional clarity is needed). Exceptions to this restriction may be made only in cases where such sustenance is not otherwise available (i.e., extremely remote areas), or where a special presentation at a conference requires a plenary address where there is no other time for sustenance to be obtained. **Such an exception would require prior approval from the U.S. Department of Justice, Office of Justice Programs (through your Grant Account Manager at GCC).** This restriction does not apply to water provided at no cost, but does apply to

any and all other refreshments, regardless of the size or nature of the meeting. Participants may not pay a fee for food to be provided directly to subrecipient. Any fees collected become program income and must be used in accordance with program income rules. Such fees cannot be used for unallowable costs. Additionally, this restriction does not impact direct payment of per diem amounts to individuals in a travel status under the organization's travel policy.

Requests to have exceptions submitted to OJP should be made sparingly as such requests will be evaluated under great scrutiny by GCC to determine whether the merits of the request warrants further consideration and submission to OJP for approval. Requests for exceptions should be submitted to GCC no later than 90-days prior to the event.

Fund Raising

Costs of fund raising events, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions, may not be charged as costs against the award. Neither the salary of persons engaged in such activities nor matching costs associated with those salaries may be charged to the award for the period of time spent performing fund raising activities.

Nothing in this section should be read to prohibit a recipient from engaging in fund raising activities as long as such activities are not financed by grant or matching funds.

Land Acquisition

The funding legislation specifies that no Federal award involving the renting, leasing, or construction of buildings or other physical facilities shall be used for land acquisition.

Military-Type Equipment

Costs for such items as armored vehicles, explosive devices, and other items typically associated with the military arsenal, excluding automatic weapons, are unallowable.

Travel of Federal/GCC Employees

Costs of transportation, lodging, subsistence, and related travel expenses of awarding agency employees are unallowable charges. Travel expenses of other Federal employees for advisory committees or other program or project duties or assistance are allowable if they have been:

1. Approved by the Federal employee's Department or Agency.
2. Included as an identifiable item in the funds budgeted for the project or subsequently submitted for approval by GCC.

Bonuses or Commissions

The recipient or subrecipient is prohibited from paying any bonus or commission to any individual or organization for the purpose of obtaining approval of an application for award assistance. Bonuses to officers or board members of for-profit or nonprofit organizations are determined to be a profit or fee and are unallowable. A bonus to employees due simply to the availability of grant funding is also unallowable.

State and Local Sales Taxes

In general, sales taxes are not allowable if the subrecipient is eligible to claim a refund from the State of North Carolina in grant projects awarded through the GCC.

Corporate Formation

The costs for corporate formation (start-up costs) may not be charged against the award.

Premium Costs

The recipient is prohibited from paying premium costs solely because they are using grant funds.

Other Unallowable Costs Include:

- Entertainment, including amusement, diversion, social activities, recreation, and any costs directly associated with such events (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities associated with the event)
- Promotional items or trinkets, i.e., T-shirts, pens, pencils, portfolios, mugs, or other logo-type item(s)
- Cash, gift cards, gas cards, etc.
- Honorariums/Incentives/Stipends
- Fines & penalties (except when incurred as a result of compliance with specific provisions of an award or instructions in writing from GCC)
- Passport charges/Visa fees
- Tips
- Common Area Maintenance Fees
- Vehicle Insurance
- Vehicle Repairs
- Bar charges/Alcoholic beverages
- Late charges or fees
- Compensation of Federal/GCC employees
- Membership fees to organizations whose primary activity is lobbying
- For hosted conferences and workshops - lodging costs in excess of Federal per diem. For events of 30 or more participants that are funded with an OJP award, if lodging costs exceed the Federal and/or State per diem rate, none of the lodging costs are allowable.

Cost Incurred Outside the Project Period

Any costs that are incurred either before the start of the project period or after the expiration of the project period are not allowable, unless written approval covering pre-agreement costs or a no-cost extension is granted by GCC.

Sub-awards of Project-Supported Effort

None of the principal activities of the project-supported effort shall be sub-awarded to another organization without specific prior approval by GCC. Where the intention to make sub-awards is made known at the time of application, the approval may be considered given, if these activities are funded as proposed.

All such arrangements must be formalized in a GCC approved contract or other written agreement between the parties involved, before the activities begin. The contract or agreement must, at a minimum include:

- Activities to be performed;
- Time schedule within the award period;
- Project policies;

- Flow-through requirements that are applicable to the subrecipient;
- Other policies and procedures to be followed;
- Dollar limitation of the agreement not to exceed the amount in the approved budget;
- Cost principles to be used in determining allowable costs;
- Review of www.SAM.gov to assure contractors are eligible to receive grant funding.

The contract or other written agreement must not affect the primary recipient's overall responsibility for the duration of the project and accountability to the Federal or State government. The primary recipient is responsible for monitoring the subrecipient and determining that all fiscal and programmatic responsibilities are fulfilled.

Retention and Access Requirements for

Records Retention of Records

In accordance with the requirements set forth in the North Carolina Administrative Code, all financial records, supporting documents, statistical records, and all other records pertinent to the grant shall be retained by each organization for **AT LEAST FIVE YEARS** following the closure of the audit report covering the entire award period. Retention is required for purposes of Federal or State examination and audit purposes. Records may be retained in an automated format. Local governments may impose record retention and maintenance requirements in addition to those prescribed.

1. **Coverage.** The retention requirement extends to books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, cancelled checks, and related documents and records. Source documents include copies of all awards, applications, and required recipient financial and narrative reports. Personnel and payroll records should include the time and attendance reports for all individuals reimbursed under the award, whether they are employed full time or part time. Time and effort reports are also required for consultants.
2. **Retention Period.** The five year retention period starts from the date of the submission of the closure of the single audit report which covers the entire award period. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the five year period, the records must be retained until completion of the action and resolution of all issues which arise from it or until the end of the regular five year period, whichever is later.

Maintenance of Records

Recipients of funds are expected to see that records of different Federal or State fiscal periods are separately identified and maintained so that information desired may be readily located. Recipients are also obligated to protect records adequately against fire or other damage. When records are stored away from the recipient's principal office, a written index of the location of records stored should be on hand and ready access should be assured.

Access to Records

In terms of access to records, GCC includes the Governor's Crime Commission, the Federal agency, the DOJ Office of the Inspector General, the Comptroller General of the United States, the North Carolina State Auditor, the Office of State Budget and Management, the State Bureau of Investigation, and any of their authorized representatives, who shall have the right of access to any pertinent books, documents, papers, or other records of recipients which are pertinent to the

award, in order to make audits, examinations, excerpts, and transcripts. The right of access must not be limited to the required retention period but will last as long as the records are retained.

However, only under extraordinary and rare circumstances would such access include review of the true name of confidential informants or victims of crime. When access to either is necessary, appropriate steps to protect this sensitive information must and will be taken by the recipient and awarding agency. Any such access, other than under a court order or subpoena pursuant to a bona fide confidential investigation, must be approved by both the OJP Program Office Head and the Chief Financial Officer.

Pursuant to Sections 223 (a) (17) of the JJDP Act {(42 U.S.C. § 5633 (a) (17)}, the subrecipient assures that procedures have been established to ensure that programs funded under the JJDP Act will not disclose program records containing the identity of individual juveniles. Exceptions to this requirement: (a) authorization by law, (b) consent of either the juvenile or his/her legally authorized representative, or (c) justification that otherwise the functions of this title cannot be performed. Under no circumstances may public project reports or findings contain the names of actual juvenile service recipients.

Sanctions

If a subrecipient fails to comply with any of the terms and conditions of an award whether stated in a Federal or State statute, regulation, assurance, application, or notice of award, GCC Directors can take one or more of the following actions. This authority also extends to the recipient agency.

Freezing of funds or reimbursement(s)

Partial or full retraction of funds

Termination of grant by GCC

GCC may terminate any project, in whole or in part, when a recipient fails to comply with the terms and conditions of an award, or when the recipient and GCC agree to do so. In the event that a project is terminated, GCC will:

1. Notify the recipient in writing of its decision;
2. Specify the reason;
3. Afford the recipient a reasonable time to terminate project operations;
4. Request the recipient seek support from other sources.

A project which is prematurely terminated will be subject to the same requirements regarding audit, recordkeeping, and submission of reports as a project which runs for the duration of the project period.

Termination of Grant by the Award Recipient

An award recipient may terminate a grant upon written notification to GCC. The same requirements regarding audit, recordkeeping and submission of reports as a grant which runs for the duration of the project period apply.

Closeout Period & Close-out of Awards

The timeframe for closeout of awards is 45-days from the end date of the grant period. However, recipients should start the closeout process as soon as the grant ends.

After 45-days from the end of the grant period, if the recipient has not submitted a final expense reimbursement, supporting documentation, and all final programmatic reports, the grant will be terminated. Upon termination, all outstanding reimbursements will be forfeited by the recipient.

Refund of Grant Monies and/or Program Income at Closeout

If funds must be returned at grant closeout, award recipients should remit their check with a cover letter indicating the project number and name, and the line itemization of returned monies, e.g., excess payments, interest income, program income, questioned costs, etc.

All refund checks should be made payable to: N.C. Department of Public Safety. Letters and checks should be mailed to:

**Governor's Crime Commission
ATTN: Michael Gagner
Assistant Director of GCC
1201 Front Street
Raleigh, NC 27609**

Failure to Remit Funds Owed

Failure to remit funds due to the Governor's Crime Commission will result in withholding or freezing of funds on all other grants awarded to the subagency awarded the grant, and may impact future financial integrity reviews affecting future grant applications.

Audit Requirements

This section establishes responsibilities for the audit of organizations receiving agency funds. The intent of this section is to identify the policies for determining the proper and effective use of public funds rather than to prescribe detailed procedures for conducting an audit.

Audit Objectives

Awards are subject to conditions of fiscal, program, and general administration to which the recipient expressly agrees upon acceptance of the award. The audit objective is to review the recipient's administration of funds and required match contributions for the purpose of determining whether the recipient has done all of the following:

1. Established an accounting system with adequate internal controls that provide full accountability for revenues, expenditures, assets, and liabilities.
2. Prepared financial statements which are presented fairly and in accordance with generally accepted accounting principles.
3. Submitted financial reports which contain accurate and reliable financial data, and are presented in accordance with the terms of applicable agreements.
4. Expended grant funds in accordance with the terms of applicable agreements and those provisions of Federal or State law or regulations that could have a material effect on the financial statements or on the awards tested.

Audit Reporting Requirements

Independent auditors should follow the requirements prescribed in OMB Circular A-133. The recipient's accounting records must support all amounts reported. The recipient's financial activity reported should reconcile to the amounts reported on the recipient's audited financial statements. If there are any differences between the recipient's audited financial statements and

the financial activity reported, the recipient must be able to explain the differences.

If the auditor becomes aware of illegal acts or other irregularities, he or she must give prompt notice to recipient management officials above the level of involvement. The recipient, in turn, shall promptly notify the appropriate Federal or State agency of the illegal acts or irregularities and of proposed and actual actions, if any.

All awarding agency personnel are responsible for informing the OJP's Office of the Chief Financial Officer, OJP's Office of the General Counsel, the Office of Inspector General, and State and local law enforcement agencies or prosecuting authorities, as appropriate, of any known violations of the law within their respective area of jurisdiction.

Audit costs for audits not required or performed in accordance with OMB Circular A-133 are unallowable. If the subrecipient did not expend \$750,000 or more in Federal funds in its fiscal year, but contracted with a certified public accountant to perform an audit, these costs may not be charged to the grant.

Audit Threshold

Non-federal entities that expend \$750,000 or more in Federal funds (from all sources including pass through sub-awards) in the organization's fiscal year (12-month turnaround reporting period) are required to arrange for a single organization wide audit conducted in accordance with the provisions of OMB Circular A-133. Non-federal entities that expend less than \$750,000 a year in Federal awards are exempt from Federal audit requirements for that year. A copy of that Single Audit must be submitted to the NC Office of the State Auditor and to:

Department of Public Safety
Attention: Jamelle White
Controller's Office
4220 Mail Service Center
Raleigh, NC, 27699-4220

Pursuant to North Carolina General Statute 143C-6-23, the Office of State Budget and Management requires annual (based on the agency fiscal year) financial reporting for ALL recipients to provide financial and program performance information to ensure that grant funds are spent in accordance with the purpose for which they were awarded. The requirements for nongovernmental recipients can be found in the OSBM NC Grants on Line Reporting User's Manual. The manual can be accessed by selecting "Subrecipients User's Manual" at <https://www.ncgrants.gov/NCGrants/Help.jsp>.

Failure to Comply

Failure to have an audit, or to complete financial forms required by the Office of State Budget and Management, will result in placement on the Suspension of Funding List. Once on this list, new awards will be withheld, and funds on active awards will be withheld.

Resolution of Audit Reports

For an audit to be effective, it is important for a recipient to have policies and procedures in place to ensure timely action on audit recommendations. Each recipient must designate officials responsible for the following tasks:

1. Following up on audit recommendations;

2. Maintaining a record of the action taken on recommendations and time schedules for completing corrective action;
3. Implementing audit recommendations;
4. Submitting periodic reports on recommendations and actions taken.

GCC monitors the audit requirements through its audit tracking system and is responsible for tracking audit reports received through the audit process until the audit has been resolved and closed.

Audit of Subrecipients

When sub-awards are made to another organization(s), the recipient shall require that subrecipients comply with the audit requirements set forth in this chapter. Recipients are responsible for ensuring that subrecipient audit reports are received and for resolving any audit finding. Known or suspected violations of any law encountered during audits, including fraud, theft, embezzlement, forgery, or other serious irregularities, must be communicated to the recipient.

For subrecipients who are not required to have an audit as stipulated in OMB Circular A-133, the recipient is still responsible for monitoring the subrecipient's activities to provide reasonable assurance that the subrecipient administered Grant Awards in compliance with Federal and State requirements.

Audit Confirmation Requests

Send CPA requests for confirmation of payments made during the specified fiscal year(s) and include the PROJ ID # to:

Include the name of your designated Grant Account Manager Governor's Crime
Commission
1201 Front Street
Raleigh, NC 27609

ALL requests must include the project name and project id number in question, or they will not be processed.

GLOSSARY OF TERMS

A

Accrual Basis is the method of recording revenues in the period in which they are earned, regardless of when cash is received, and reporting expenses in the period when the charges are incurred, regardless of when payment is made.

Administrative Requirements are set forth at Title 28 CFR Part 66 for State and local units of government, and Title 28 CFR Part 70 for nongovernmental organizations.

Amusement/social event is an informal gathering which is not mandatory for all participants to attain the necessary information. An indicator of a social/amusement event is a cash bar. THIS IS A NON-ALLOWABLE COST ITEM.

Awarding agency is the Governor's Crime Commission (State agency administering the formula or discretionary awards).

Awards may include funding mechanisms, such as grants, cooperative agreements, interagency agreements, contracts, and/or other agreements.

B

Block/formula awards are awarded to the States to provide assistance to State and local units of government for programs in accordance with legislative requirements.

Breaks are short pauses in an on-going informational program at trainings, meetings, conferences, or retreats. Typically, an all-day event may include one break during a morning session and one break during an afternoon session.

Budget Period is the period for which a budget is approved for an award. The budget period may be equal to or shorter than the project period for an award, but cannot be longer than the project period.

C

Cash Basis is the method of reporting revenues and expenses when cash is actually received or paid out.

Close-out is a process in which GCC determines that all applicable administrative actions and all required work of the award have been completed by the recipient and GCC.

Conference or meeting is a formal event involving topical matters of general interest to Federal agency and non-Federal agency participants (i.e., matters that will contribute to improved conduct, supervision, or management of the agency's functions or activities), rather than a routine business meeting primarily involving day-to-day agency operations and concerns. "Meeting" includes other designations, such as a conference, congress, convention, seminar, symposium, training for grantees or contractors, and workshop. See 5 U.S.C. 4110 (1994).

Consultant is an individual who provides professional advice or services.

Continental breakfast means a light breakfast that may include a selection of coffees, teas, juices, fruits, and assorted pastries, and is allowable provided several hours of substantive material directly follows the continental breakfast. Grant recipients are reminded that the least expensive of the available selections should be chosen.

Contracts are entered into by GCC, recipients or subrecipients, and commercial (profit-making) and nonprofit organizations. With the exception of a few justified sole-source situations, contracts are awarded via competitive processes to procure a good or service.

Cooperative agreements are awarded to States, units of local government, or private organizations at the discretion of GCC. Cooperative agreements are utilized when substantial involvement is anticipated between GCC and the recipient during performance of the contemplated activity.

D

Direct Recipient is an individual and/or organization that receive Federal financial assistance directly from a Federal agency.

Discretionary awards are made to States, units of local government, or private organizations at the discretion of GCC. Most discretionary awards are competitive in nature in that there are limited funds available and a large number of potential recipients.

Domestic travel includes travel within and between Canada and the United States and its territories and possessions.

Draw or Drawing Down refers to the payments made by the Federal Government to the grantee which deplete the total Grant Award amount. DOJ grantees draw down or receive payments of their grant funding through the active grant period.

E

Earmarks are legislative provisions that direct funds to be spent on specific projects, groups, or organizations.

Equipment is tangible, nonexpendable personal property having a useful life of more than 1 year and an acquisition cost of \$5,000 or more per unit. A recipient/subrecipient may use its own definition of equipment provided that such definition would at least include all equipment defined above.

Expenditure is a payment, outlay, or disbursement that may or may not be an expense.

F

Federal contractor is a person or entity that contracts with the Federal Government to provide supplies, services, or experimental, developmental, or research work. Entities may include commercial organizations, educational institutions, construction and architect-engineer companies, State and local governments, and nonprofit organizations. See Title 48 CFR 31.103-105, 31.107-108 (1995).

Federal employees are those persons employed in or under an agency of the United States Federal Government or the District of Columbia. See 5 U.S.C. 4101 (1994).

Federal grantee means the component of a State, local, or federally recognized Indian tribal government, educational institution, hospital, or a for-profit or nonprofit organization which is responsible for the performance or administration of all or some part of a Federal award. See Title 2 CFR Part 225, Attachment A and Title 2 CFR Part 215, Attachment A.

Fixed Rate with Carry Forward Provision is similar to a predetermined rate in that a permanent rate is established for a specific future period (usually one fiscal year) based on an estimate of the costs for that period. However, fixed rates also require an adjustment to actual costs once actual costs have been determined. The difference between the estimated costs used to establish the fixed rate and the actual costs of the fiscal year covered by the rate is “carry forward” as an adjustment to the next rate negotiation.

Focus group means a gathering of Federal Government employees to discuss results and improvements of programs in the field. The focus group should follow a prepared agenda, be led by an expert in the subject matter, and serve to educate the Federal employees.

Food and/or beverages retain their common meanings. Food or beverages are considered in the context of formal meals and in the context of refreshments served at short, intermittent breaks during an activity. Beverages do not include alcoholic drinks.

Formal agenda provides a list of all activities that shall occur during the event, using an hour-by-hour timeline. It must specifically include the times during the event when food and beverages will be provided.

G

Grants are awarded to States, units of local government, or private organizations at the discretion of GCC or on the basis of a formula. Grants are used to support a public purpose.

Grant Account Manager is formerly known as a Grants Management Specialist or Planner at GCC. Due to the combined duties of these sections, staffers are now known as Grant Account Managers.

Grant Enterprise Management System (GEMS) is a web-based, data-driven computer application that provides support for the application, award, and management of grants at GCC. It consists of the following components: Applications; Award Processing; Grant Adjustments; Financial & Programmatic Reporting; Monitoring, and Close-outs.

I

Incidental means relating to a formal event where full participation by participants mandates the provision of food and beverages.

Internal Controls are the implemented processes and procedures that allow the organization to achieve specific goals and objectives, both in overall program management and in the use of resources.

L

Liquidation period provides awardees time to receive ordered goods or services, and make final payments on trailing costs on or before the 45th day after the award end date.

Lobbying is generally considered to be the act of trying to influence legislation. An organization will be regarded as attempting to influence legislation if it contacts, or urges the public to contact, members or employees of a legislative body for the purpose of proposing, supporting, or opposing legislation, or if the organization advocates the adoption or rejection of legislation.

M

Match is the recipient share of the project costs. Match may either be “in-kind” or “cash.” In-kind match includes the value of donated services. Cash match includes actual cash spent by the recipient and must have a cost relationship to the Federal award that is being matched.

N

Nonexpendable personal property includes tangible personal property having a useful life of more than 1 year and an acquisition cost of \$5,000 or more per unit. A recipient may use its own definition of nonexpendable personal property provided that the definition would at least include all tangible personal property.

O

Obligation means a legal liability to pay under a grant, subgrant, and/or contract determinable sums for services or goods incurred during the grant period.

P

Pass-through is an obligation on the part of the States to make funds available to units of local governments, combinations of local units, or other specified groups or organizations.

Personal property means property of any kind except real property. It may be tangible (having physical existence) or intangible (having no physical existence, such as patents, inventions, and copyrights).

Prior approval means written approval by the authorized official (the next highest authority except for sole source evidencing consent prior to a budgetary or programmatic change in the award).

Proof of Payment means documentation that shows transactions as paid or with zero balances. This documentation may be in the form of receipts that show cash transactions, invoices that show zero balances due, credit card statements that show transactions applied AND payment of the credit card bill, bank statements with transactions for grant funded expenses identified.

Program income means gross income earned by the recipient during the funding period as a direct result of the award. Direct result is defined as a specific act or set of activities that are directly attributable to grant funds and which are directly related to the goals and objectives of the project. Determinations of “direct result” will be made by GCC for discretionary grants and by the State for block/formula Sub-awards. Fines/penalties are not considered program income. Program income may be used only for allowable program expenses.

Project Period is the period for which implementation of a project is authorized. The project period may be equal to or longer than the budget period for an award, but cannot be shorter than the budget period.

R

Real property means land, land improvements, structures, and appurtenances thereto, excluding movable machinery and equipment.

Reasonable means those cost that a prudent person would have incurred under the circumstances prevailing at the time the decision to incur the cost was made. Cost to consider when making judgments about reasonableness include the cost of food and beverage, total cost of the event, and costs incurred relative to costs in the geographical area. The exception to this definition is lodging costs for events of 30 or more participants, when the event is funded with an OJP award. For these events, reasonable is defined as the Federal per diem rate for lodging.

Reception means an informal gathering which is not mandatory for all event participants to obtain necessary information. Indicators of a reception include a cash bar, inadequate seating for the entire group, food items from a reception menu (such as finger foods), and a longer break (than utilized throughout the day) between the substantive meetings and the reception. Receptions are expressly prohibited and are considered to be an unallowable cost with Federal funds.

Regional Information Sharing Systems (RISS) is a national program of regionally oriented services designed to facilitate the coordination and communication capabilities of local, state, Federal, and tribal criminal justice agencies.

S

Separation of Duties is a key internal control concept that establishes procedures for certain types of financial transactions where no one person is able to execute the entire procedure alone. The most commonly used example concerns initiating a payment (writing the check) and authorizing a payment (signing the check).

Social event is any event with alcoholic beverages served, available, or present.

Special Conditions are contractual terms and conditions that are included with your award. Examples of Special Conditions

include additional reports, audits, conferences, and disposition of program income.

Stipend is an allowance for living expenses and is NOT ALLOWABLE.

Subaward is an award of financial assistance in the form of money to an eligible subrecipient or a procurement contract made under an award by a recipient.

Subrecipient is an individual and/or organization that receives Federal financial assistance from the direct recipient of Federal funds. This may include entities receiving funds as a result of block or formula awards.

Supplanting is to deliberately reduce State or local funds because of the existence of Federal funds. For example, when State funds are appropriated for a stated purpose and Federal funds are awarded for that same purpose, the State replaces its State funds with Federal funds, thereby reducing the total amount available for the stated purpose.

U

Unallowable costs are costs the government is unwilling to pay as a direct charge or through an indirect cost pool applied to the Federal grant or contract. An organization is not prohibited from incurring unallowable costs but they cannot be recovered either directly or indirectly under Federal grants or contracts.

W

Working dinner/lunch means a formal and mandatory lunch/dinner necessary for all participants to have full participation in the conference or event. A working dinner must include a formal agenda including a program or speakers that will impart necessary information important for full understanding of the subject matter of the conference. There should be several hours of informative sessions providing substantive information scheduled both before and after a working dinner. Indicators of a working dinner include seating for all participants. A cash bar is expressly prohibited.

Work-related event is a conference or meeting involving a topical matter of interest within the purview of the agency's mission and function.

Links

GCC Staff: <http://www.ncgced.org/Staff>

Equal Treatment for Faith-Based Organizations: http://www.ojp.usdoj.gov/about/ocr/equal_fbo.htm.

Lobbying Certification Guidance: <https://www.federalregister.gov/articles/2003/05/27/03-11853/restrictions-on-lobbying>

SAM: www.sam.gov

State of NC Department of Administration Debarred listing: <http://www.pandc.nc.gov/actions.aspx>

Justice Information Sharing State and Territory Points of Contact:
<http://it.ojp.gov/default.aspx?area=policyandPractice&page=1046>

Global Justice Information Sharing Initiative guidelines and recommendations:
http://www.it.ojp.gov/gsp_grantcondition

Classification of assets:
http://www.ncosc.net/sigdocs/sig_docs/documentation/policies_procedures/sigCapitalizationClassification_Pol.html

Physical Inventory Policy:
http://www.ncosc.net/sigdocs/sig_docs/documentation/policies_procedures/sigPhysical_Inventory_Policy.html

State of NC Budget Manual (State Travel Policy): http://www.osbm.state.nc.us/files/pdf_files/BudgetManual.pdf

NC Grants User Manual: <https://www.ncgrants.gov/NCGrants/Help.jsp>